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EU, Mercosur Sign 'Historic' Free Trade Pact

PY3009031295 Buenos Aires TELAM in Spanish 2011 GMT 29 Sep 95

[FBIS Translated Text] Montevideo, 29 Sep (TELAM) — With the signature of a "Framework Agreement" on cooperation in Montevideo this afternoon, the EU and the Mercosur [Common Market of the South] embarked upon a path that will lead them to establish a free trade zone between both blocs.

Following two days of negotiations in Uruguay's capital, EU and Mercosur representatives agreed upon and drafted a document establishing an "Interregional Association" in the medium-term.

EU heads of state and government, and Mercosur member countries' presidents are to approve this accord when they come together at separate, but concurrent, meetings to be held in Madrid on 15 December.

Juan Prat, the EU International Relations director general who headed the EU delegation, termed the agreement signed with Mercosur "a momentous historical event."

Having affixed his signature to the document, Prat stated that "the time has come to speak from the heart" adding that "I will remember" this day "as a milestone in the task of bringing both sides of the Atlantic Ocean closer together."

The head of the EU delegation underscored that this agreement is proof of "the political and diplomatic maturity of the nascent Mercosur in its relentless pursuit of the goal of becoming fourth most important economic bloc in the world."

Prat emphasized that "for the EU, Mercosur has been, is, and will be a priority." He argued that the agreement signed today "is complex because it is an all-encompassing accord."

Prat went on to say that "this is a starting point rather than the finish of the race" noting that this accord means that the EU and Mercosur "are on the same path."

The EU delegation head said: "We now enter a race that is not a hurdle race, but rather a long-distance one," adding that "what matters now is the perseverance to make headway with no haste, but without pause."

Guillermo Valles, the head of the Uruguayan delegation, said — in his capacity as representative of Mercosur's pro tempore presidency — that this agreement "constitutes a historic step that reasserts Mercosur's identity."

Valles underlined that the signatories to the agreement were animated in their actions by a common spirit that reflected the political will expressed in several occasions by EU and Mercosur heads of state."

Valles noted that "we now begin a new stage based on the respect for human rights, democratic principles, and the rule of law within Mercosur and in international relations."

He stressed that the framework agreement "does not exclude the interest of any state" adding that it marks the beginning of, "arduous and lengthy negotiations."

In concluding, Valles stated that "this is not a trade agreement; it is an overarching agreement which takes into account the values of our history, the respect for the environment and human development."

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Peruvian, Ecuadoran Officials To Meet in Brazil

PY3009012995 Madrid EFE in Spanish
2128 GMT 29 Sep 95

[FBIS Translated Text] Brasilia, 29 Sep (EFE) — The Brazilian Foreign Ministry today confirmed that the Mission of Observers and the deputy foreign ministers of Ecuador and Peru will hold separate meetings with the guarantor countries of the Ecuadoran-Peruvian treaty.

At the Brazilian Armed Forces Staff (EMFA) headquarters on 3 and 4 October, the Ecuador-Peru Mission of Military Observers (MOMEP) will hold a meeting of the Superior Consultative Council, which will be attended by mission coordinator General Marcelo Rufino dos Santos.

The meeting, to be attended by the so-called Peruvian and Ecuadoran liaison officers, will prepare a military-technical report that will be submitted to the deputy foreign ministers' meeting, which will be held on 5 and 6 October.

In a press communique, the foreign ministry of Brazil — the country that coordinates the group of guarantors (Brazil, Argentina, Chile, and the United States) — stated that "the disposition that the two sides have toward dialogue has been once again shown by the participation of Ecuadoran Deputy Foreign Minister Marcelo Fernandez Cordova, and his Peruvian counterpart Jorge Voto-Bernales."

The communique added that "the objective of the meeting will be to check compliance with the mandate of the Mission of Military Observers, in its second stage (MOMEP-II), and to evaluate the development of the peace process, taking into account the recent positive facts in relations between Ecuador and Peru, which have strengthened mutual confidence between the two sides."

The communique referred to a recent rapprochement during a visit that Peruvian President Alberto Fujimori paid to Quito for the 9th Rio Group summit, during which he announced the reopening of his country's borders.

Furthermore, Fujimori invited his Ecuadoran colleague Sixto Duran-Ballen to visit Peru. For the time being, Duran-Ballen has authorized the visit by Ecuadoran Foreign Minister Galo Leoro.

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Cuba

Spokesman 'Satisfied' With U.S. Implementation of Accords

PA2909203295 Mexico City NOTIMEX In Spanish 1840 GMT 28 Sep 95

[FBIS Translated Text] Havana, 28 Sep (NOTIMEX) — The Cuban Goverment today praised the good implementation of the immigration agreements with the United States and announced that Cuba will soon accept nine other exiles that the Washington Government regarded as ineligible.

"The immigration situation is continuing without a hitch," Foreign Ministry spokesman Miguel Alfonso said Thursday, after announcing that 500 rafters are being taken to the United States every week from the Guantanamo Naval Base, in eastern Cuba.

Most of the 35,000 Cubans who fled the island last summer on frail rafts heading for Florida in the greatest exodus from Cuba in 14 years were confined in that military enclave, where fewer than 10,000 emigrants remain today.

In September 1994 and May 1995, Cuba and the United States signed immigration accords that curbed illegal departures, in exchange for which 20,000 visas a year will be granted to those wishing to emigrate to the United States.

During a news conference, Alfonso announced that Cuba has accepted the upcoming arrival of a flight from the United States with nine persons who left Cuba during the 1980 El Mariel boat lift but were rejected by Washington.

The first Cuban-U.S. migratory agreement of 1984 stipulated the return to Cuba of almost 2,000 citizens declared ineligible after Washington officials considered them criminals or insane.

In addition, Alfonso announced that arrangements are being finalized for the second "The Nation and the Emigrant conference" to be held from 3 to 6 November between the government of Havana and a group of moderate exiles living in the United States and other countries.

According to Alfonso, the mailing of personal invitations to possible participants is in its final phase, excluding those who radically oppose the government of President Fidel Castro and support the U.S. embargo.

"Neither the hysterical nor annexationists" will be allowed at this meeting, which will have a greater number of countries and participants than the first meeting, which was also held in Havana in April 1994, the official spokesman stated.

Spokesman Views 'Rejection' of Helms-Burton Bill

PA2909202495 Havana Radio Havana Cuba in Spanish 0000 GMT 29 Sep 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Foreign Ministry spokesman Miguel Alfonso has stated in Havana that the EC decision to initiate contacts to reach a cooperation agreement with Cuba shows the EC's disagreement with the hostile policy of the United States toward Cuba. The spokesman stressed that rejection of the Helms-Burton bill, which seeks to tighten the U.S. blockade on Cuba, is growing worldwide, and affirmed that if that monstrosity is approved, it will make it impossible to hold talks and normalize ties with the United States.

With respect to the second The Nation and the Emigrants conference that will be held in Havana from 3 to 6 November, Alfonso noted that the mailing of invitations is in its final phase and that more people will attend this meeting than the first meeting held between Cuban emigrants and the Cuban government in 1994.

UN Document Views Health Effects of U.S. Blockade

PA3009031795 Havana PRENSA LATINA in Spanish 2324 GMT 29 Sep 95

[FBIS Translated Text] United Nations, 29 Sep (PL) — The economic deterioration and obstacles to acquiring products for the health sector as a result of the U.S. blockade promote the outbreak and spread of diseases in Cuba.

A report forwarded to UN Secretary General Butrus Butrus-Ghali by Cuban Foreign Relations Minister Roberto Robaina stated that the limitations in the purchase of raw materials for the health sector are reflected in the deterioration of the conditions of hygiene and health of the population and favor the spread of infections and viruses.

The document also stated that major pharmaceutical companies and suppliers of medical equipment and spare parts officially reported to the island's authorities on the impossibility of proceeding with their requested orders due to the U.S. prohibitions.

The document documented its assertion with the cases of seven European firms and one Australian firm, including United Kingdom's "Wellcome" and Belgium's "Janssen," that suspended their supplies.

The document added that the situation of Cuban citizens whose lives depend on the use of a pacemaker is a particularly dramatic case, given the refusal of two major multinational companies (Australia's "Telectronics"

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and Sweden's "Siemens Elema") to continue conducting business with Cuba due to Washington's pressure.

As part of the blockade policies, Washington forbids U.S. companies' subsidiaries quartered in other countries, as well as those that acquire components for their production in the United States, from dealing with Havana.

According to the document, the restrictions President William Clinton decreed on 20 August 1994, which forbade Cuban citizens residing in the United States from exercising the basic right of freely traveling to their country of origin, also contributed to the worsening of the situation in the health sector.

A moderate estimate on the volume of medicines sent by relatives abroad in 1993 placed it at approximately 300 tons of ready-to-use medicines.

Despite the efforts the Cuban Government has made and despite the fervor with which the achievements in the health sector are treated, diseases never before recorded have emerged in Cuba, and the number of people contracting diseases that had been eliminated or were under control has increased in the last few years.

Robaina Reports on Embargo to Group of 77

PA0110130495 Havana PRENSA LATINA in Spanish 0053 GMT 30 Sep 95

[FBIS Translated Text] United Nations, 29 Sep (PL) — Only united action and the solidarity of friends has made it possible for the Cuban people to resist, for more than 36 years, the economic, commercial, and financial embargo imposed by United States — Cuban Foreign Minister Roberto Robaina said here today.

Speaking before the Group of 77's 11th Ministerial Conference, Robaina said that this illegal embargo, which has not succeeded in destroying the political, economic, and social system freely chosen by the Cuban people, has inflicted damages on the country of more than $42 billion.

He also said that the embargo makes it difficult to acquire basic products for the population's food and health and for the country's development.

This action, which on many occasions has been rejected by the international community, reveals how important it is at this time, when we are commemorating the birth of the United Nations, to defend its essential principles, in particular those which base international relations on respect for sovereign equality, territorial integrity, and nonintervention in the internal affairs of other countries — the foreign minister remarked.

Robaina added that it is doubly important to endorse these principles because a bill to tighten the embargo even further is being debated in the U.S. Congress, a fact that reinforces the extraterritorial nature of this unfair measure that challenges international law and the community of nations.

Before the ministers and delegates gathered here, Robaina reiterated what he said at the General Assembly plenum earlier in the week: that if this crime against Cuba is not stopped, any one of the other undeveloped or small countries could become the victim of a similar scheme in the near future.

We rely on the talent, good will, experience, and sensitivity of our group of nations — and especially on the presence of the president of the Group of 77 — so that the soldidarity of the group's member countries and support for my country can be made evident again and these actions can be reported at the General Assembly, the foreign minister said.

Later in his speech, Robaina said that in this world, where so much remains to be done for peace and development, this organization has become a nucleus of intelligent and united countries that must be respected by the new powerful ones of this time because of the former's undeniable influence in international political and economic matters, in particular in favor of the poor.

It is regrettable to observe, he added, that the commitment, made after the defeat of fascism, to guarantee international peace and security and stimulate the economic growth and development of all countries in a new era has not been fulfilled.

He recalled that, in the middle of the rejoicing over the commemoration of the United Nation's 50th anniversary and the end of the 20th Century, the economic and social situation of the undeveloped countries remains dramatic.

In that portion of the planet, where nearly 80 percent of the world population lives, unemployment and underemployment affect the great majority of economically active people, he said quoting UN statistics.

He pointed out that more than 1 billion men and women live in dire poverty, 35 percent are illiterate, 28 percent have no access to health services, and their per capita gross national product is only $810.

As for commercial indicators, he said that in 1980 the United States, Japan, and the European Economic Community totaled 54.8 percent of the exports and 59.5 percent of the imports in the world market, while in 1992 these figures were 54 and 63.8 percent, respectively.

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Nevertheless, he added, the 102 underdeveloped and poorest countries only included 7.9 percent of the world exports and 9 percent of the imports in 1980, while in 1992 these figures were 1.4 and 4.9 percent, respectively.

Robaina underlined that the problem of the underdeveloped countries' foreign debt continues to increase despite the efforts and actions carried out in the so-called strategy to overcome this crisis.

But, he pointed out, if the Group of 77, the Nonaligned Countries, and all Third World countries were truly united before this world of powerful nations, which is attempting to partition us again, everything Cuba has affirmed in the matter of economic growth and development is humanly attainable.

In order to attain this, it is necessary to avoid useless disputes over whether the present time is one of confrontation or cooperation.

Cuba believes there will be everything in this world — that it will become necessary to confront those who impose exclusive models and mechanisms and that it will be necessary to cooperate with those who extend their hands to us. The only thing that will save us is unity of ideas, action, and friends so we can take every step safely and as a function of our future, Robaina pointed out.

Army Colonel Condemns U.S. Embargo

PA0210041095 Mexico City NOTIMEX in Spanish 0009 GMT 26 Sep 95

[FBIS Translated Text] Guatemala City, 25 Sep (NOTIMEX) — Cuban Army Colonel Gumersindo Valdez condemned here today the U.S. initiative to intensify the economic and trade blockade against the island.

Valdez described as "criminal" the embargo that has been imposed by Washington since the early 1960's, because it particularly affects children, women, and the elderly of Cuba, he said.

The military officer told NOTIMEX his country's government is working to diminish the effects of the U.S. measure and to satisfy the basic needs of the population as much as possible. The blockade against Cuba "is unfair and violates fundamental principles of international law."

Valdez is participating in a special seminar on humanitarian international law for Latin American armed forces being held in this capital under the auspices of the Guatemalan Government and the International Committee of the Red Cross. The seminar will conclude on 29 September and is being attended by 34 officers from 18 countries of the region.

The initiative known as the Helms-Burton bill allows Cuban-American citizens to present U.S. lawsuits against companies benefiting from expropriations in Cuba and is aimed at preventing the flow of foreign investments toward the island.

The initiative of the U.S. congressmen, which was approved by the House of Representatives and which still needs to be debated in the Senate, seeks to intensify the economic embargo against the island imposed following Fidel Castro's revolutionary triumph in 1959.

The Cuban colonel said his country will appeal to the solidarity of the Latin American nations and will denounce at international forums the strengthening of the blockade against the island promoted by the United States.

"There are many nongovernment and humanitarian organizations, individuals, and governments all over the world that have condemned the blockade, because it is unfair and criminal," he added.

He said 102 nations at the United Nations have voted against the U.S. measure, which violates the human rights of the Cuban people in general.

Vice President Continues Visit to Colombia

Lage: Helms-Burton Bill To Falter

PA2909230195 Havana PRENSA LATINA in Spanish 0106 GMT 27 Sep 95

[By Fausto Triana]

[FBIS Translated Text] Santa Fe de Bogota, 26 Sep (PL) — Visiting Cuban Vice President Carlos Lage said today that the Helms-Burton Bill, which aims to intensify the U.S. blockade, will falter, given the irreversible changes that are occurring in the island.

In statements to PRENSA LATINA shortly after arriving in the capital, Lage, who is vice president of the Council of State of Cuba, pointed out that approval of the Helms-Burton Bill by the House of Representatives won't make the country lose any sleep, because Cuba is committed to an unstoppable process of opening up.

Lage, who is also permanent secretary of the cabinet [Council of Ministers] in Havana said that one of the goals of his official visit to Colombia — as was the case with his visit to Mexico two weeks ago — is to promote a new investment law recently approved by the Cuban parliament.

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When asked whether one of his goals is to neutralize the impact of the U.S. aim to further tighten the economic siege on the island, Lage underscored that, as it is entitled to, Cuba is carrying out an international offensive to overcome the current crisis.

The Helms-Burton Bill is just another step in the lamentable context of more than three decades of U.S. hostility against our nation, which is struggling to overcome a special period with the conviction that it will win the final battle, Lage added.

As a representative of the new generation, the vice president, who is only 43 years old, was pleased with the welcome that the island's new Foreign Investment Law received in various countries.

It is a serious and flexible instrument that we hope will become the weapon to fight the U.S. economic, financial, and commercial blockade, he added.

As for his four-day visit to Colombia, he underscored his meeting on 28 September with President Ernesto Samper and the official launching of the Cuban investment code on 27 September before a large group of businessmen from this South American nation.

Lage noted that his meetings with several Colombian ministers and businessmen will give continuity to the increasing bilateral ties at the government, economic, and commercial levels.

As for possible Cuban medical assistance to fight encephalitis and dengue, which are afflicting coastal areas in Colombia, the leader of the largest of the Antillean islands voiced his best disposition to cooperate with the authorities in Bogota should they bring this up.

In the company of Cuban Ambassador to Colombia Jesus Martinez Beaton and advisers, Lage visited Bolivar's home and laid a wreath at the monument to the liberator of America this afternoon.

In the evening he attended a dinner in his honor offered by Proexport-Colombia that was attended by a large group of local businessmen.

Lage Interviewed on Meetings

PA3009003495 Havana Radio Rebelde Network in Spanish 1155 GMT 28 Sep 95

[Telephone interview with Vice President Carlos Lage by reporter Jose Mayo; from the "Doing Radio" newscast — recorded]

[FBIS Translated Text] [Mayo] Now we will establish telephone communication with Colombia. We will talk with Carlos Lage, Vice President of the Council of State. Lage, can you hear me?

[Lage] Yes, I can hear you very well. Good morning.

[Mayo] Good morning, Lage. We would like you to talk to us about a meeting which, according to international news agencies, you held with Colombian businessmen yesterday. What can you tell us? According to the source, you presented the new investment law recently approved by the Cuban National Assembly.

[Lage] Our activities yesterday morning at the Convention Center here in Santa Fe de Bogota included a meeting with Colombian businessmen, who showed plenty of interest. We can say we had a full house. We presented a report describing our country's economic situation, and in particular, the nature of the investment law's nature. Later, we had a question and answer session. We answered several questions, which showed the degree to which we have been meeting and getting acquainted with Colombian businessmen. I think this meeting was useful and will contribute to arousing interest in improving economic and commercial relations between our two countries.

[Mayo] Also, through news agencies, we learned that you talked with several government officials and that you are scheduled to meet with President Ernesto Samper today. What can you tell us about this, Lage?

[Lage] During these two days, we met with businessmen — some of them yesterday and a different group today, in particular with those who are now more closely linked to or already working with us. The other part of the program consists of meetings with government leaders. For instance, we met with the foreign trade minister and leaders of the organization (?Proexport Colombia), which handles all commercial relations between Colombian businessmen and the outside. Today we will hold more meetings. We will meet with the Colombian president in the afternoon and will return Friday morning.

[Mayo] [words indistinct] What is your assessment of the days you have spent in Colombia meeting with government leaders and Colombian businessmen ?

[Lage] I think all this has been positive. The investment law that the Assembly approved appears to have been well received. The fact that I have been able to explain it outside Cuba, for instance in Colombia, is important because of the effect that its dissemination can attain from here. In addition, I can say our trade has increased and become more diversified in the past few years. In this, Latin America plays a very important role. In fact, it occupies the second most important place. In Latin America, Colombia and Mexico are very important. I think it is very important to take the steps necessary for making this relationship stronger and stronger.

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[Mayo] Would you like to add anything else about your stay in Colombia?

[Lage] Greetings to all here. We will talk again tomorrow.

[Mayo] Thanks for your words for this station's news program.

Lage Notes Satisfaction With Reception

PA2909220295 Havana PRENSA LATINA in Spanish 0224 GMT 28 Sep 95

[FBIS Translated Text] Santa Fe de Bogota, 27 Sep (PL)— Carlos Lage, vice president of the Cuban Council of State has expressed satisfaction with the results of his meetings today with Colombian businessmen and Foreign Trade Minister Daniel Mazuera.

Lage, also executive secretary of the Council of Ministers, told PRENSA LATINA that he appreciated the favorable manner in which he was received by more than 100 Colombian businessmen during the presentation, this morning, of the new foreign investment law that was recently passed by the Cuban congress.

Lage also commented on the private meeting held with the Sandford business group at the Metropolitan Club in Santa Fe de Bogota, and the exchange of experiences and criteria with Proexport-Colombia. The latter was the main host of the Cuban delegation.

Lage noted that during his meeting with Mazurca, he and Mazurca reviewed a number of issues regarding the progress of bilateral cooperation and the recent partial range accord that eliminates the tariff on various products.

Lage's official agenda includes a meeting tomorrow with President Ernesto Samper and contacts with Education Minister Maria Emma Mejia, Interior Minister Horacio Serpa, and Economic Development Minister Rodrigo Marin.

The Cuban delegation, which includes Deputy Foreign Minister Jorge Bolanos, is slated to visit the Minuto de Dios corporation, a social institution that has had cooperation bonds with Cuba for many years.

Nuclear Cooperation Agreement Signed With Brazil

PA0110021895 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 29 Sep 95

[Report by Hilda Suarez, from the "NTV" newscast]

[FBIS Translated Text] The permanent headquarters of the Center for Radiological Protection and Health [Centro de Proteccion e Higiene de las Radiaciones — CPHR] was inaugurated this afternoon in the outskirts of Havana.

Jose Mauro Esteves, president of the Brazilian National Nuclear Energy Commission, attended the inauguration. Esteves is visiting Cuba at the invitation of the Cuban Nuclear Energy Agency. The CPHR has been operating for 10 years and has experience in providing environmental and individual radiological monitoring services and advising on radiology protection measures. The new building provides services with modern equipment obtained through the technical assistance of the international organization, as evidence of the strengthening of the Cuban nuclear program.

Cuba and Brazil signed a letter of intent for bilateral cooperation on radiation protection and the exchange of specialists and scientific, technical, and public information, among other issues. During an interview for the "NTV" newscast, Esteves said that, in addition to the letter of intent, Cuban specialists are offered scholarships for advanced studies in Brazil and vice versa.

[Begin Esteves recording, in Portuguese] I am very impressed with your nuclear program in Cuba. I did not imagine that you had so many nuclear energy centers, so many [words indistinct] with modern equipment and with so many people so [words indistinct], trained. It seems like a dream. [end recording]

During his four-day visit to Cuba, Esteves held meetings and visited the country's centers for nuclear development.

Venezuela Considering Direct Sales of Oil

PA3009024595 Havana Radio Havana Cuba in Spanish 0000 GMT 29 Sep 95

[Report by Tania Diaz in Caracas; from the "Evening Information Review" newscast — live or recorded]

[FBIS Translated Text] During the Fourth International Energy Conference, Venezuela and Cuba resumed informal talks on the possibility of renewing oil sales to the Caribbean island. The energy conference has brought together, here in Venezuela, oil producer and consumer countries from all over the world.

(Claus Grant), vice president of state-run Venezuelan Petroleum, Inc. [Pdvsa], disclosed that they plan to renew oil sales to Cuba, but that further price negotiations are required. He said this after meeting with Cuban Basic Industry Minister Marcos Portal Leon during breaks in the conference being held in Puerto La Cruz in eastern Venezuela.

Venezuela supplied oil to Cuba for several years through a tripartite agreement with the Soviet Union, which

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exchanged Venezuelan oil supplied to Cuba for oil delivered to Venezuelan refineries in Europe. According to what the vice president of Pdvsa stated, now there is interest in selling oil directly to Cuba. But aside from achieving a commercial agreement, the political aspects of supplying oil to the island regardless of the U.S. embargo need to be considered.

Raul Castro on CDR Anniversary: 'Exclusive' Remarks

PA2909145395 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 29 Sep 95

["Exclusive" statements by Cuban Army General Raul Castro, second secretary of the Central Committee of the Communist Party of Cuba, marking the 35th anniversary of the Committees for the Defense of the Revolution, CDR, in Santiago de Cuba; from the "NTV" newscast — recorded]

[FBIS Translated Text] This has been a special ceremony in Santiago de Cuba. Remember the poem by (Abano Luna) [words indistinct] nothing when we are talking about Santiago de Cuba.

In addition to the letter of congratulations the Armed Forces sent to the CDR, I want to say that we are very happy over its rejuvenation and its new drive. As Contino [CDR National Coordinator] recalled, Comrade Fidel said, on one occasion: If the CDR's had not been created 35 years ago, we would have to create them now that the struggle is more difficult.

The counterrevolution has paid dearly for the two famous minor explosions of 35 years ago, when he [Fidel] spoke at the Palace after returning from the UN... [pauses] on the role played by the CDR's in these years and the role they should play under the new conditions. It is not in vain that the CDR's existence is stated in the constitution approved by 97 percent of our population.

Armed Forces Carry Out Antimilitary Blockade Exercise

PA2809234395 Mexico City NOTIMEX in Spanish 2151 GMT 28 Sep 95

[FBIS Translated Text] Havana, 28 Sep (NOTIMEX) — The local media has reported that the Cuban Armed Forces have initiated in the country's eastern region tactical exercises involving the repelling of a military blockade and attrition attacks on the island.

Regular troops from Cuba's Eastern Army, one of the three that compose the Cuban Armed Forces, as well as civilians from the Territorial Militia Troops and the Production and Defense Brigades, participated in the "Moncada II-95-2" exercise.

The exercise coincides with an increase in the tension between Cuba and the United States because of the progress made by a U.S. bill that seeks to tighten the economic blockade on the island.

The bill, aimed at increasing economic penalties on Cuba and at imposing reprisals on third countries doing business with the island, was approved last week by the U.S. House of Representatives and must be approved by the Senate.

The first part of the military exercise consisted of "fine-tuning aspects of decisionmaking and cooperation, all while enduring hypothetical blocade and attrition actions by the enemy," the state radio reported.

The report said that this tactical maneuver forms part of a series of "more rigorous" military mobilizations "to ready the country's defense system," thus it involves the combined participation of regular and paramilitary forces.

Commentary Views TRABAJADORES, Energy Efficiency, Lage Remarks

PA2909204795 Havana Radio Rebelde Network in Spanish 1700 GMT 25 Sep 95

["Point of View" commentary by Orlando Contreras; from the "National Radio News" newscast]

[FBIS Translated Text] After scanning the newspaper TRABAJADORES this morning, there are several interrelated topics that I wish to comment on briefly, and of course, I also urge you to read them. First, the editorial calls for an end to inefficient energy use. The problem is that, as the organ of the workers pointed out, although our economy has experienced a modest recovery during the first half of the year after suffering a nose dive, consumption of petroleum and its derivatives increased by 7 percent during the same period. The economy grew by 2 percent. There could even be an increase in energy expenses, if its use triggered a geometric effect on productivity and on goods and services produced. But that is apparently not the case.

The truth is that in past years the nation invested about 40 percent of its international purchasing power — which is, as we all know, reduced. The $800 million per year that we used to spend on petroleum — it is now higher because prices have increased — must be used as a productive lever, as a multiplier, and not as an expense yielding nothing [que no genera reproduccion].

Linked to the above analysis offered by TRABAJADORES today, Carlos Lage said in Camaguey that it is imperative to reduce costs to a minimum during the

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next harvest through high efficiency in productive processes. The reasons are dramatically simple. The country obtained foreign financing to buy certain indispensable harvest inputs. These are short-term high interest credits. The harvest must achieve full productivity and production in order to produce funds to pay back those credits, to meet other commitments that will come due shortly, and to leave a balance for imports and investments that cannot be postponed.

The essence of those problems, which are tied to our economy and our society in general, is that the only reality we can change is, simply put, our own. We cannot force the lifting of the blockade and we cannot lower the price of fuels we purchase, but we can demand from the international community — now that the United Nations is marking half a century of its founding — fairer relations for all of us, perhaps more human and fraternal ones. We cannot unilaterally modify external realities. The things that belong to us, however, everything between San Antonio and Maisi, can be changed in a positive manner. It is everyone's task for everyone's sake.

Haiti

Aristide Commemorates 4th Anniversary of Coup

PA3009201095 Madrid EFE in Spanish 1836 GMT 30 Sep 95

[By Herold Jean-Francois]

[FBIS Translated Text] Port-au-Prince, 30 Sep (EFE) — For the first time in Haiti, President Jean-Bertrand Aristide today commemorated the fourth anniversary of the coup d'etat that toppled him on 30 September 1991. Aristide unveiled a statue of Captain Fritz Pierre-Louis, his chief of security, who was shot to death at the National Palace.

The Haitian president also paid tribute to the other "faithful" soldiers who accompanied him on that 30 September from his house in Tabarre, northeast of Port-au-Prince, to the National Palace, where soldiers led by General Raoul Cedras arrested him. Aristide also thanked the diplomats who accompanied him the day of the coup, such as French Ambassador Jean Rafael Dufour and Venezuelan Ambassador Elsa Bocachempo. He recalled that the Venezuelan ambassador accompanied him to the airport that day and behaved as "woman, diplomat, and heroic mother."

After unveiling the statue in the front garden of the National Palace, Aristide, accompanied by Prime Minister Smarck Michel, the members of cabinet, and relatives of the slain captain, was at times overcome by emotion. In a very moving moment during the ceremony, Pierre-Louis' grandmother took out a handkerchief and wiped the face of the statute of her grandson.

Aristide then walked to where the Army General Headquarters had been located, the same path he covered when soldiers seized him on that 30 September and then forced him to leave Haiti for Venezuela. In front of that place, Aristide placed the first stone of a monument dedicated to the victims of the coup. He said it will be a simple monument that will reflect "the soul of the Haitian people."

Aristide got down on his knees and kissed the ground, a tribute that he also paid earlier in front of Pierre-Louis' statue.

Hundreds of people who were demanding justice for the coup victims attended the posthumous tribute.

Some people carried banners reading: "30 September 1994, our blood was shed; 30 September 1995, we demand justice."

In addition, Aristide signed a decree giving assistance to the relatives of the victims. The decree establishes that the state will provide lawyers to families that may wish to ascertain the blame of the individuals responsible for the repression unleashed during the three years the military remained in power.

According to the decree, the Justice Ministry will earmark 20 percent of its budget to assist the relatives of the victims or those individuals hurt during the coup. It also orders giving a special card to those individuals so they can obtain free medical care in hospitals.

Prime Minister Discusses Privatization

PA2909172995 Port-au-Prince Radio Metropole in French 1045 GMT 29 Sep 95

[Report by Ansyrose Resignac on news conference held by Prime Minister Smarck Michel in Port-au-Prince on 28 September; from the "Morning Newscast" — passages within slantlines in Creole]

[FBIS Translated Text] Another point in the news is the statements made yesterday by Haitian Prime Minister Smarck Michel, who was defending his structural adjustment program and the plan for the privatization of the state-owned enterprises. In a news conference held yesterday, the Haitian prime minister announced the continuation of the negotiations with the international financial institutions on administrative reform and the democratization of the state-owned enterprises. The head of government said, however, that he was ready to stop his program if the president of the Republic told him to do so. [words indistinct] listen to this report by Ansyrose Resignac.

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[Begin recording] [Resignac] In view of a soaring rise of the protest movements and a certain confusion as regards the position of the president of the Republic on the privatization issue, Smarck Michel deprived Jean-Bertrand Aristide of all evasions. The prime minister certainly defended his structural adjustment program which he describes as unavoidable, but he said he was willing to go back over its implementation, implying he enjoys the go-ahead of the head of state until we find evidence to the contrary.

[Michel] /I see the president regularly. I do not get messages from radio or television. If he (?had) a message for me and told me to stop the program — while I am seated in front of him — you would hear that I have stopped the program the next morning. As long as he does not tell me, Smarck Michel, while I am seated in front of him: Stop the program, we are not going to apply this program any longer./ [sentence as heard]

[Resignac] However Smarck Michel mentioned the possibility that he may resign in the event that his structural adjustment program or his privatization plan is rejected by the president of the Republic or the parliament. The prime minister said that, and added that such a decision would force the country into enormous budgetary constraints of incalculable consequences. Smarck Michel nevertheless tried to calculate the immediate consequences that he will refuse to assume.

[Michel] /When you present the budget [pauses] you present a budget of 5 billion gourdes for expenses, but you must say where the money will come from. So you say this amount will come from internal resources; then you say that will come from external resources such as the World Bank, this will come from the Inter-American Development Bank; that will come from France — like we did last time, like we do every time. But if you cannot say that, you must present a budget based on the amount of money you believe you can receive. We are going to present a 5 billion gourdes budget, as well as the financing sources that are linked to the negotiations for the structural adjustments. If they do not vote on it and pass it, this means we will not obtain the support. That will have immediate effects on everything: payment of the civil servants, payment for education, elaboration of projects, social works, health and education. We have problems in all regards./

[Resignac] This is what prompted the head of government to rise up against those who accuse him of wanting to sell out the country.

[Michel] /[words indistinct] use the terms 'sell out the country,sellers-out of the country.' When you sell a state-owned enterprise, it is not a country that you sell. Castro did not sell Cuba when he privatized the telephone company, because there are rules, laws, and a framework of regulations that the person must respect and that everybody must respect.

/For instance, we are very touchy. We have a law saying that a foreigner does not have the right to buy more than one house to live in and one premise in which to conduct business. This is why we are still in this condition. Everybody goes to build elsewhere because you can go to New York and buy 10 houses if you wish. You can go to France and buy 200 houses if you wish and can afford it. But the foreigner cannot come to Haiti and buy more than one house to live in and one premise in which to do business. You block your economy.

/Cuba began its tourist programs not long ago. It already has 16,000 hotel rooms,in one year. As for us, we had 2,000 [rooms] 40 years ago, and now we have 1,000 because for 30 years — since I was a little boy — I have been hearing that Haitian hotel owners are causing hindrances so foreign hotel chains do not come to build hotels in the country. They want to have monopolies. What is our problem? No, I am not a seller out of the country because I did not even live abroad. I do not have an alien card. I do not have a foreign passport. I do not have a foreign nationality. I am Haitian and (?Haiti) is mine. This is why I am facing problems in it. I have faced other kinds of problems. These kinds of problems are different, but they are still problems. I will face them so my grandchildren do not face problems./

[Resignac] According to Smarck Michel, the privatization of the state-owned enterprises, which — in his opinion — have not met the needs of the population, constitutes a mandatory way — but also an opportunity — for economic modernization. While awaiting the vote of the parliament or the word of the president of the Republic, he carries on with his negotiations with the international financial institutions on the administrative reforms and the democratization of the state-owned enterprises. It is soon — next week — that the first two international calls for bids regarding the national flour mill and the national cement plant will be published. It is now time to choose. This is the message sent by the prime minister to both those being governed and those governing, especially those whose signatures are necessary. [end recording]

AHTH Views Prime Minister's Comments

PA3009160995 Port-au-Prince Radio Metropole in French 1600 GMT 29 Sep 95

[From "The Midday Newscast"]

[FBIS Translated Text] The Hotel and Tourist Association of Haiti [Association Hoteliere et Touristique

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d'Haiti, AHTH] has claimed to be the only sector that has initiated and effected out a national guidance plan for the development of tourism in collaboration with the Office of the Secretary of State for Tourism and the UN Program for Development. It is the only sector that will soon be able to present to both domestic and international investors a global plan for development and an investment framework for the next 30 years.

The AHTH's position was announced in reaction to statements by Prime Minister Smarck Michel, who said yesterday that Haitian hotel owners have up to now obstructed the establishment of big hotel chains in Haiti.

OAS Observer Mission Endorses CEP Results

PA3009020795 Port-au-Prince Radio Metropole in French 1600 GMT 29 Sep 95

[FBIS Translated Excerpt] The OAS electoral observation mission says it is ready to endorse the results provided by the Provisional Electoral Council [CEP] this week and asserts that it did not note any major irregularities in the 1689 polling stations visited by its observers during the 17 September polling day. Let us listen to a report by [reporter] Rotschild [Francois]:

[Begin Francois recording] The OAS electoral observation mission says it did not note any major irregularities in the 1689 polling stations visited by its observers. The mission adds that the misdemeanors observed were minor and that only three cases of stuffing ballot boxes were noted. As regards the participation rate, the OAS electoral observation mission thinks the figure of 30 percent put forward by the CEP can be considered correct. While hailing the progress made by the CEP during the second round, the mission also emphasizes that the voters were able to vote quite freely. [passage omitted] [end recording]

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Group to Immigration Talks With U.S. Issues Communique

PA3009163995 Mexico City Radio Red Network in Spanish 0000 GMT 28 Sep 95

[From "The Night Monitor" newscast]

[FBIS Translated Text] Let us talk about the immigration issue and the agreements that have been signed between Mexico and the United States in the last few hours to implement a pilot program for the voluntary repatriation of illegal aliens back to Mexican territory and to strengthen the communication between both countries on the immigration phenomenon.

In a news conference held in Washington, the Mexican delegation that participated in the immigration working group of the Mexico-United States Binational Commission presented on 27 September a joint communique explaining the results of the talks. Part of the communique reads: Bearing in mind the importance of guaranteeing immigrants' security and protection of dignity and human rights, both delegations agreed to initiate a pilot program for the voluntary repatriation of immigrants. The program will operate first in the area of San Diego, California.

What does this plan include? First, it will include Mexican illegal aliens who have made repeated attempts to cross the border and who voluntarily accept to return to a point near their places of residence. Instead of being repatriated to a border town, the immigrants are left there to fare for themselves.

The document states that the purpose of this program is to deal with the problems of public security at the border and to protect the immigrants, whose vulnerability increases when they are removed from their places of residences as they are unable to enter the United States and who do not have the funds to pay for their trip back to Mexico.

Finally, Juan Rebolledo, under secretary of bilateral affairs at the Mexican Foreign Relations Secretariat and who headed our country's delegation, said during the news conference no date has been set yet for the start of the repatriation program inside Mexico, but he did say that the details have been discussed and that it is expected that the pilot program will be implemented soon, starting in the area of San Diego, California.

Deputies Condemn U.S. Blockade, Helms-Burton Bill

PA0110172895 Mexico City EL FINANCIERO in Spanish 27 Sep 95 p 58

[Report by Victor Chavez]

[FBIS Translated Excerpt] The four political parties represented at the Chamber of Deputies of the Congress of the Union — the PRI [Institutional Revolutionary Party], PAN [National Action Party], PRD [Party of the Democratic Revolution], and PT [Labor Party] — agreed to demand that the United States lift the economic blockade against Cuba and condemned the Helms-Burton bill, which was approved by the House of Representatives.

Legislators from all the political parties signed an agreement to express to the U.S. Congress the position taken by Mexican deputies requesting respect for international law in favor of free trade.

It recommends that the U.S. extraterritorial claims promoted by the most conservative politicians and legislators be condemned at every international parliamentary forum.

The deputies suggested that the Foreign Relations Secretariat (SRE) condemn the bill at all the appropriate multilateral forums and call for respect for international law and the sovereignty of the states.

Deputies Carlos Reta for the PRI, Cuauhtemoc Sandoval and Mara Robles for the PRD, Cecilia Romero for the PAN, and Oscar Gonzalez for the PT signed the document. [passage omitted]

Legislators Oppose Construction of Fence Along Border

PA3009003395 Mexico City LA JORNADA in Spanish 26 Sep 95 p 11

[Report by Ruben Villalpando, Jorge Alberto Cornejo, and Carlos Figueroa]

[FBIS Translated Excerpt] The Senate's Border Affairs Commission today published a paid advertisement in Chihuahua's main dailies rejecting the building of a metal fence in the area comprising Sunland Park, in New Mexico, and Anapra, 10 km off Ciudad Juarez.

In the advertisement, the legislative commission urges the immigration authorities of the neighboring country to reconsider their position, because "good neighbor policies are not fomented by erecting walls."

The signatory senators, including Chihuahua Senator Martha Lara Alatorre, recognized that the fence's objective is to combat crime in the area and to refrain

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illegal alien smugglers from using this area to bring illegal aliens into El Paso, Texas.

However, this senatorial group also regrets that the sovereign, yet unilateral decision to erect physical barriers of more than 3,000 km of extension between the two countries adversely affects the lives of border communities and the spirit of friendship that must prevail between Mexico and the United States.

The commission pointed out that, in the 20 September session, it agreed to reject the announcement made by INS Commissioner Doris Meisner to build a 1.3 mile-long and 3 meter-high fence in the region of Anapra, which is a poor neighborhood nestled in the hills laying to the east of this border town. ted

They Propose Surveillance Bodies

In Tijuana, Baja California, the Chamber of Deputies' Border Affairs Commission disclosed that the federal Congress will rule on the legality of creating interdisciplinary surveillance bodies along the border with the United States, which is a situation currently subject to the negotiations among the federal, state, and municipal governments.

Deputy Oscar Villalobos, Border Affairs Commission president, explained that, even though certain border states still do not believe the creation of surveillance bodies, such as the Beta Group operating in this city, is necessary, the legislators believe it is essential to create these bodies in charge of surveillance and protection of migrant workers.

According to the latest report by the Beta Group operating along the border, it has been able to curb crime by 85 percent during the five years the organization has been operating in this area.

As for the legislators' support to these bodies protecting immigrants, Villalobos committed himself to remain alert on the allocation of federal allotments to request a larger allotment in order for these groups to have all the equipment necessary to perform their duties well.

Finally, the president of this commission maintained that the experience this group has must be expanded throughout the border region to defend those immigrants who opt to seek living alternatives in the United States. [passage omitted]

Economic Studies Center Issues Adjustment Program Report

PA3009173195 Mexico City EL FINANCIERO in Spanish 27 Sep 95 p 20

[Report by Leticia Rodriguez Lopez]

[FBIS Translated Text] The Private Sector Center for Economic Studies [CEESP] has stated the adjustment program has contributed to the macroeconomic stabilization but does not have sufficient means to contribute to a sustained and strong recovery and growth.

In a document of restricted circulation, the CEESP has stated that the possibility of a rapid recovery of growth will be limited without a higher and sustained improvement of the macroeconomic stabilization.

The document states there is no clear evidence that the inflation and interest tax variables can be significantly reduced from their present levels, while the risk of their being reverted can be important if the restrictiveness in the handling of the monetary and fiscal policies is considerably modified.

As a factor that illustrates the still precarious stability of the markets, the report mentions the pressure that has been observed in the exchange rate recently.

The CEESP recognizes that public finances lack a comfortable leeway to become a permanent, let alone significant, booster for economic growth.

The good results obtained during the first semester will become diluted in the second half of the year either through the reduction of fiscal revenue, the application of part of the surplus to the Debtor Alleviation Program, or the demands for public resources for social security institutions, the report continues.

Moreover, the CEESP believes the Investment Fund for Infrastructure will have a limited impact over the economic activity in the short term, because it represents about 2.8 percent of public investments in the 1995 budget.

The key to create the necessary conditions for a rapid, sustained, and stable reactivation of the economy in the short term is still to obtain foreign resources other than foreign aid, although there are not many alternate sources available.

Nevertheless, the report states that the best choice is to continue making progress in different fronts by especially strengthening direct foreign investment flows and, to a lesser degree, by opening international financial markets for the government, businesses, and banks.

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It states that a basic condition for achieving these objectives is to consolidate macroeconomic stability in general so as to decrease the image of a country at risk as perceived by international investors.

In addition, it stresses the need for aggressive development programs for the export sector and incentive programs for medium-, small-, and micro-size businesses. The overall and profound reform of the pension system, as an instrument to increase internal savings, is still pending.

Other important elements to foster the economy are the immediate enforcement of structural reforms, implementation of new privatizations, and the opening of attractive investment areas for local and foreign businessmen, the report states.

The document on "Basic Information for Decision Making" for the month of September states that it is vitally important for structural reforms to take steps to use the tax system as an incentive for business investment and to increase the people's available income.

Regarding the participation of private capital in various sectors, the CEESP believes the opening regarding investment projects such as telecommunications and ports should be extended to other areas as soon as possible.

The effects of macroeconomic stability, more aggressive government expenditures, and an initial reactivation of private investment in specific fields will contribute to a better profile of the economic activity during the last two quarters of this year, the report states.

The CEESP admits, however, "the economy will encounter various burdens over the next 12 months. A very important one is the large volume of debt born by economic agents."

Subcommander Conditions Participation in Talks

PA0110134395 Mexico City NOTIMEX in Spanish 0228 GMT 1 Oct 95

[FBIS Translated Text] La Realidad, Las Margaritas, Mexico, 30 Sep (NOTIMEX) — The hopes of a meeting between Cocopa [the Harmony and Peace Commission] and the EZLN [Zapatist National Liberation Army] leadership were dashed today by a pronouncement made yesterday by Subcommander Marcos in which he conditioned his participation in the political dialogue on reform of the state.

In a communique signed by Subcommander "Marcos," the EZLN proposed in Chiapas to participate in the national dialogue to reform the state, but through a "special forum" for more direct contact between the armed group, civilian society, and independent forces.

Today's meeting was basically an exchange of a document between the EZLN and Cocopa, since the Marcos communique issued as the results of the National, Youth, and International Toward Peace consultations were given subdued the interest of the legislators.

Some legislators showed their unease and frustration due to the unexpected statement by the EZLN leader.

The meeting in La Realidad, announced for 1200 noon, began with more than a three-hour delay, with the perceptible anger of the members of National Mediation Commission (Conai) and Cocopa.

Their anger was also due to the fact that commanders "David," "Javier," "Tacho," and "Felipe," proceeding from Obentik, San Andre Larrainzar Municipality, were delayed in their progress aboard International Red Cross Committee trucks.

Some Cocopa legislators said that "Marco's" conditioned proposal was "enviable," exclusive, and left no margin for the participation of all political forces.

In addition, PRD [Party of the Democratic Revolution] Senator Herbert Castillo said that "these methods for anticipating the news left no space for negotiations."

Likewise, the disorganization was evident, since the three security belts were established very late and on the move, in an area called the "dignity space." The hurried conversations of the Conpaz coordinators could be heard over walkie-talkies.

Early in the afternoon, a group of important reporters and persons assisting the event withdrew, anticipating the failure of the meeting.

Article Views Decline in Zedillo's Popularity

PA0110220095 Mexico City EL FINANCIERO in Spanish 27 Sep 95 p 53

["Political Indicator" column by Carlos Ramirez — passages within slantlines published in boldface]

[FBIS Translated Text]

Zedillo, Without Political Allies

Archbishop of Mexico City Norberto Rivera Carrera made some /non/public statements a few days before his 18 September homily regarding President Zedillo's /insensitivity/ to the /workings/ of values in the political system. The /intention/ of the Mexican Catholic hierarchal head was to /disclose/ the president's limitations to /evolve/ toward less tense social and political situations

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in order to also /explain/ the reasons for political /activism/ by Catholic priests.

In that conversation, Rivera said that Zedillo /was not aware/ of the value of symbols in the political mentality of Mexicans. He specifically mentioned /three/ symbols; the meaning of the /cry/ for independence ceremony, because Zedillo performed /poorly/ on the evening of 15 [September]; Zedillo's /absence/ from the ceremony commemorating the 1985 earthquake's 10th anniversary and his repetition of what De la Madrid did 10 years ago of not even sending a message to the victim's relatives; and the president's /absence/ from the funeral of the military pilots who perished in the military parade accident on 16 September.

The most /important/ part of the Catholic church's political mobility was Archbishop Rivera's homily on Monday 18 September, when he /questioned/ the validity of Zedillo's neoliberal project because of its /detrimental/ social effects. The church, in an official speech, became /involved/ in the definition of the economic model and /demanded/ to open political avenues, something that / prior/ to the reform of Article 130 of the Constitution was /banned/. In that homily Archbishop Rivera raised his voice to call out: "We urgently need a /change/! We need to change!"

When Zedillo took power as president he was presented with a /crisis/ from Carlos Salinas, but also an invaluable /inheritance/: an economic model /backed/ by dominant sectors of the system /committed/ to the neoliberal project. In /less/ than one year of effective administration, Zedillo has /lost/ the strategic alliance with neoliberalism's main /functioning/ sectors.

In the United States, for example, there is /annoyance/ over the /anti-U.S./ speech by the Foreign Relations Secretariat. In his appearance before the Senate, his 16 September speech, his visit to Cuba, and in the homage to Jorge Castaneda, Foreign Secretary Jose Angel Gurria /surprised/ the North Americans with his /nationalism/ and his idea of /sovereignty/.

The United States, however, does /not/ forget that Gurria attained that position because of his /pro-U.S./ stance. The problem is deciding where the national opportunities in the speech end and where financial relations of /interdependence begin/. Mexican Finance Secretary Guillermo Ortiz /surprised/ the U.S. people by his / whimsical/ statements regarding the U.S. financial aid /package/ for Mexico's devaluation crisis, /forgetting/ that Mexico was /saved/ by the United States.

When Salinas /modified/ Article 130 of the Constitution, his intention was to /recruit/ the Catholic hierarchy for the /consolidation/ of neoliberal economic model tasks. Nevertheless, the Catholic church has become / separated/ from the administration and the PRI [Institutional Revolutionary Party] and has locked for its /own/ alliances with other political groups more /similar/ to its conservative outlook. Archbishop Rivera's homily defined an /autonomous proposal/ by the Catholic church on Mexico's socioeconomic development, aside from its /commitments/ with the administration.

Even though they continue being subordinate to civilian power, the military have had an interesting political /activism/ over the past few weeks. In addition to its public /insistence/ that it backs the Zedillo administration, the Army has sought its /own/ political opportunities. The /meaning/ of the presence of Defense Secretary General Enrique Cervantes Aguirre in the /political/ act on the presentation of the /political/ book by Gen. Alfonso Corona del Rosal, was very /disquieting/ because a / review/ of the 1968 conflict and the participation by the military was begun at the event. To this one must add the /insistent/ statements by the military reasoning their support for the administration amid /obvious/ indications of political ungovernability.

The System Is in Serious Crisis

When Zedillo appointed Antonio Lozano Gracia, a member of the PAN [National Action Party], to the post of attorney general of the republic, the main / message/ was that of an in-depth /alliance/ between Zedillo followers and a dominating faction within PAN. Nevertheless, there are ever increasing indications that PAN no longer wants that alliance, because it sees the Zedillo government as having no political future; thus, there has been a /distancing/ between PAN and Zedillo followers, something which could well lead to a /break/ in the short term of that /inherited/ Salinas political alliance, which would mean the Zedillo government would /lose/ its main support.

PRI followers /knew/ Zedillo was /not/ going to defend Luis Donaldo Colosio's political project, because his substitute candidacy had emerged out of the Salinas-Cordoba neoliberal model. Nevertheless, PRI followers /backed/ him and led him to the Presidency. Today, PRI followers are beginning to /question/ Zedillo about his alliance and speak of /modifying/ the nation's neoliberal course for this reason. If PRI followers continue along this /line/ to the end, they will be forced to /withdraw/ PRI support from Zedillo. Most of the PRI is against / neoliberal/ points of view.

One of the /explanations/ to the force wielded by the president in office has been the /discipline/ of former presidents and their respective political /groups/. The activism by former presidents and important political

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figures represents a /weakness/ of President Zedillo because not only have they highlighted an /absence/ of presidential leadership but, rather, because they have pointed to an /argument/ over the social and political inefficiency of a /neoliberal/ model.

And if to this we add a /division/ between the entrepreneurial sector—Salinas followers are harassed, and there are no Zedillo entrepreneurs—regarding economic policies, the big /question/ is to learn /who/ or /whom/ supports, backs, or bolsters the Zedillo administration. The /reply/ to that question might give some idea as to the long-term /viability/ of the Zedillo government.

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El Salvador

Calderon Sol on Partisan Representation in Councils, Cuba

PA3009184695 San Salvador EL DIARIO DE HOY in Spanish 25 Sep 95 p 13

[Report by Claudia Duarte]

[FBIS Translated Text] President Armando Calderon Sol said a proportional partisan representation in the councils, stipulated in the electoral reforms, could lead to municipal anarchy.

The amendments to the electoral code establish that the parties will have proportional representation in the municipal governments. This has been criticized because it would turn the councils into "towers of Babel" plagued by disagreements and political interests.

The president, who was interviewed yesterday before leaving for the 50th UN regular session in New York, said, however, this matter "should be discussed in-depth" so as to ensure the governability of the municipalities.

"The opposition's participation in the decisions made by the councils is healthy, but governability must be guaranteed; otherwise, the situation could evolve into anarchy, which could cause a serious problem to the country," Calderon Sol warned.

The president said Arena [Nationalist Republican Alliance] has accepted and will approve the electoral reforms after the juridical and legislative voids they contain are resolved.

"The Arena bloc in the assembly has asked the technical commissions to review the reforms," he said.

He added that this review will be short term and that the bill will be approved after it is properly purged and discussed with the executive branch.

Meanwhile, Calderon Sol said there are no obstacles to maintaining trade relations with Cuba, as long as payment for exports to the island is guaranteed.

"There has always been the possibility of trade with all the countries in the world. The blockade (on Cuba) has been imposed by the United States only," he said.

He said that there are no obstacles to having trade relations with Cuba but that that government should guarantee payment for the country's products.

Concerning the possibility of establishing diplomatic relations with Cuba, the president reiterated that the country will not do so until it sees a democratic and respectful position toward human rights.

"There will be no democratic relations with Cuba as long as the Cuban people continue to support the authoritarianism of a dictatorship," he said.

In addition, he said the country was a victim of Cuba's foreign policy in the past, because it openly intervened during the war. "Salvadorans have suffered as a result of that policy," he said.

Even though a percentage of members of former security organizations and the FMLN [Farabundo Marti National Liberation Front] joined the National Civilian Police (PNC) when it was created, this organization is not accountable to any individual interests, Calderon Sol said.

According to the president, the PNC includes neither members of the former security organizations nor former guerrillas of the FMLN within its ranks. "The PNC has members who must solely answer to this institution," he contended.

He added that this is the philosophy within the institution because the PNC does not answer to individual interests. "There was a percentage of members of the former security organizations and the FMLN who joined the PNC, but that situation has been resolved," he stated.

He explained that there are procedures for the PNC to implement disciplinary norms, as well as to purge its ranks. "The PNC has regulations to maintain a public security organization that guarantees the country's democratic process," the president said.

As for the Human Rights ombudsman's position regarding the associate inspector, Calderon Sol said that the security minister's stand has been categorical in that it is necessary to conduct a review of the internal regulations of the PNC and all the regulations of the Inspector's Office.

"The minister has voiced his willingness and agreement to review the regulations, which have been agreed upon along with Victor Valle. This is not an obstacle that can be argued by the ombudsman, he said.

Calderon Sol left for New York yesterday to participate in the 50th UN regular session and mentioned that he will discuss his country's foreign policy in his speech, as well as its current situation.

"We will state El Salvador's position before the international community on current world events, he said.

In addition, he mentioned that he will meet with UN Secretary General Butrus Butrus-Ghali to tell him about the country's peace process. "We will discuss the state of compliance with the peace agreements," he affirmed.

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More on Cuban Issues, U.S. Trade Ties

PA0110235895 San Salvador Radio Nacional de El Salvador Network in Spanish 2205 GMT 27 Sep 95

[News conference by President Armando Calderon Sol with an unidentified moderator and domestic reporters at the Comalapa International Airport in San Salvador — live relay]

[FBIS Translated Text] [Reporter] In your speech at the United Nations you said that if by 31 October a logistical problem arose in the peace accords, the possibility existed of requesting an extension of Minusal [UN Mission in El Salvador]. I would like to know if you have officially asked the United Nations to extend the mission in our country.

[Calderon Sol] Yes, we had a lengthy talk with the UN secretary general about this. We said that we would most likely need the extension to 31 October, since the process of giving lands entails the most bureaucratic procedures during this phase of the compliance with the agreement. We told him that if necessary, we would make the request, and he replied he would immediately accept the request to extend the mandate of Minusal, which is a small UN mission in El Salvador, to oversee total and absolute compliance with the agreements.

I can tell you that El Salvador constitutes a true example. The case of El Salvador has the admiration of the whole world and the United Nations, and we must feel extremely proud.

The Salvadoran people must be proud that El Salvador has the world's admiration for the efforts they made to reach peace.

[Unidentified reporter] Mr. President, good afternoon and welcome. We understand that in one of the meetings you held with U.S. personalities, you broached the issue of Central America's commercial parity with the United States in an effort to seek the benefits Mexico already has. What are the tangible results of this assignment, Mr. President?

[Calderon Sol] It indeed is a question that I appreciate because it is an issue on which many Central Americans and thousands of Central Americans are following up [sentence as heard]. Industrial sectors and investors are greatly concerned and anxious about the creation of jobs, which could be severely affected all over Central America and El Salvador if we lose jobs in the manufacturing and textile industries. These sectors are the most sensible industries because we lack the NAFTA parity system.

On behalf of the Central American presidents and as temporary secretary of the presidential summits, I sent a letter to President Bill Clinton on 26 September. I also talked to Alex Watson, U.S. assistant secretary of state for Inter-American affairs, and his State Department advisers. They visited me in my hotel in New York, and we broadly discussed the issue of Central America needing the parity.

I am certain that the U.S. Government is aware of this need that Central America and the Caribbean have, the need to have a parity similar to that of Mexico. We hope our need will be addressed in a very short time, because, in the North American system, there could be a possibility of including it in the Budget Reconciliation Law that the U.S. Senate will make public.

The benefits of the parity for Central America could be included in this law, not in a special law; they could be included in the norms of this law. We are still in time to use the mechanism the two chambers have, which is called a conference between Congress' two chambers, to yield good results for the sake of Central America. We requested this support from President Clinton; we had a positive response from the assistant secretary of state, who understood the problems the Central American countries have. We hope to be heeded.

We will continue to explain Central American problems to the many political circles in Washington.

[Reporter] [words indistinct] ...the United States has toughened the economic blockade against Cuba. Last week, the U.S. Senate approved a number of reforms. As part of the toughening of the embargo, those countries that, in one way or another, attempt to negotiate with Cuba would reportedly be sanctioned. Would you agree with this position?

[Calderon Sol] No. I understand that there are no sanctions whatsoever. Besides, each country is free to negotiate with whoever it wants to. We are sovereign, and we can maintain relations with whoever we want to. The United States is also free and sovereign to decide with whom it maintains commercial relations. If it refuses to have relations with Cuba, it is quite free to do so. In this regard, I believe there must be, and there is, respect from the United States toward all the countries of the world. As evidence of this, Cuba maintains commercial relations with most countries in the world, not with the United States.

I do not know why Mr. Castro feels so threatened because the United States refuses to maintain relations with him. If it refuses to maintain relations with him, let it be. In addition, maintaining a permanent cry over the United States refusing to open to Cuba is part of its foreign policies. The entire world is open to Cuba. If he had dollars and if the economy were strong, he

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would not need to be in the situation about which he is arguing.

[Moderator] Oscar Abelarde, of Teleprensa Television.

[Abelarde] Good afternoon, Mr. President. I would like to ask you two questions. First, regarding the evaluation made by the Generalized Preference System [GPS], did you find out during your visit if there were any results? Also, you mentioned in your speech the nation's budget during your term. It is known that the finance minister has presented the nation's budget. Do you know about this issue already, and what is your opinion in this regard?

[Calderon Sol] Yes, in fact, we know the budget was already presented, and we have been working hard on next year's budget. We have had long working days with each of the state's secretariats. You see that the nation's budget has already been presented. It includes a substantial increase in our country's social development.

Both absolute and relative terms are being used to increase social development. Priority is given to the education and health sectors. As we have said, you see that we will invest in human capital, something which we are demonstrating, in fact, and doing under our administration. The budget was presented with these features. We foresee a substantial advancement in education, health, and other areas for next year. As you and the Salvadoran people have seen, with this budget we are financing the country's social development so as to help the most poor, needy, and dispossessed classes, to give them working means and training. We believe it is the government's obligation in this regard to seek social development with equity.

In response to your question, we had no talks on the GPS. We have discussed the need for equality, which is different, regarding NAFTA, because it places us at a complete disadvantage regarding investments in our textile and clothing industries. These investments would turn to Mexico, thus leaving Central America and the Caribbean Basin unprotected with serious problems for the entire region's textile industry, therefore, as president and acting secretary of the presidential summits, I made efforts on behalf of Central America with, of course, the support of all the Central American countries.

[Moderator] Gerardo Lopez, of LA PRENSA GRAFICA.

[Lopez] Good afternoon, Mr. President. I would like to ask you two questions. Over the past few months, the government has discussed the need to reduce state (?expenditures). Next year's budget includes an increase of 12,000 more jobs than the previous budget. Could we say the state would be left at the same level regarding the PNC [National Civilian Police], thus without any reduction? What do you have to say in this regard? Second, the Justice Ministry has said the Minor Offender Law has failed. What is your opinion?

[Calderon Sol] Regarding the increase of bureaucracy, I can tell you the government is increasing jobs so as to benefit needy classes in El Salvador. We are increasing the number of teachers, doctors, nurses and other jobs in the health sector. We are improving health services for the Salvadoran people, and we are better educating and giving the Salvadoran people better access to information. This calls for more teachers and professors. Likewise, we are reducing the number of jobs and modernizing the state in other areas, but we will increase the number of jobs in the areas we should.

As we have said, we will face problems of poverty that are sometimes distorted. Political adversaries want to play with this issue by arguing we are increasing bureaucracy and not modernizing. Nevertheless, I want to clearly state that we are increasing the number of jobs in the areas we should; that is, teachers, doctors, paramedics, and nurses. We must face the problems of the Salvadoran people.

[Lopez] My other question.

[Calderon So] What was your other question?

[Lopez] Regarding the Minor Offender Law.

[Calderon Sol] Deputies reviewed the Minor Offender Law, and it was presented. The Justice Ministry presented it during the previous administration. It can be reviewed for many errors. We are willing to.... [pauses] The Salvadoran Government has constantly demonstrated an open mind and has given attention to constant debates and questioning sponsored by the press, radio, and television news media. If corrections are needed, we are willing to review the laws. Moreover, many deputies of various blocs are willing to review the Minor Offender Law or any other law.

[Moderator] Susana Goma, of "The News" newscast.

[Goma] Good afternoon, Mr. President. Allow me two questions. In addition to the topic of textiles, did you discuss any other major topic or do you bring results in other areas. The second question is about the elections in Coena [National Executive Council]. The specific point is that there are rumors about the existence of two currents within Coena; one is pro-d'Aubuisson and the other is pro-Cristiani. Is there any truth to that statement?

[Calderon Sol] I can tell you that in Washington, pardon me, New York and in political circles in Washington, we

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noticed El Salvador has been commended. At the United Nations, also, we met many foreign ministers during the 50th period of sessions. We met with the UN secretary general, who has commended El Salvador for its peace process. The Salvadoran people are an example to the whole world for what they have been able to do by seeking a consensus, by seeking the betterment of the country, by seeking new institutions that have helped to reinforce the Salvadoran democratic process.

The world is aware that this El Salvador is a new one. Yesterday, I had the opportunity to give several lectures at various forums, such as the American Society Circle, where I gave a lecture entitled "The New El Salvador." All the political sectors in the United Nations and New York are aware of this lecture. This is what we have been able to see. We discussed the serious trade situation dealing with parity. As for the other topics, we have heard nothing but praise for the peace process, and the Salvadoran people must feel honored, because this effort is one by the entire Salvadoran nation.

As for the situation in the party, I say that whenever there are changes and there is a new Coena based on the party's statutes, it is normal to have expectations. There are always.... [pauses] considering this is the largest, best organized, and united party. You know that the other parties and political parties have had internal problems. Arena [Nationalist Republican Alliance] is a very strong, coherent, and united party. It is a party with spirit. It has doctrine to save the country, proof of which is the new El Salvador that we, the people of El Salvador, have been building. Because of this point, certain forces are trying to or are encouraging the idea that Arena is divided internally, that there is a pro-D'Aubuisson or a pro-Cristiani trend, or that there other trends; that is totally false. Arena has a doctrine, a position, an ideology, and all of that has been saving El Salvador.

I can tell you—and I am certain—that the election of the new Coena will turn into a festivity, a nationalist festivity that will be a veritable display of unity and an expression of partisan commitment. Arena has always been that. This is part of the envy, pain, and trauma of certain groups that would like to see a divided Arena, certain groups that do not like seeing a party as strong as Arena. You see them hurting when they see a totally united party. This is what is happening in Arena, and we feel proud of it, and I as a president, who come from the party ranks and was a party founder, feel extremely proud of what we have done, something that represents a true example in Latin America, as a coherent political force that is open to the people.

[Moderator] There is time for one last question. Who wants to make it?

[Unidentified reporter] I would like to return to the budget. The opposition has criticized the budget increase, claiming promises had been made that it would not be increased. [Words indistinct] for the modernization of the state, also bearing in mind that the business sector has been asking the government to accelerate the privatization process. The economy minister has even said the second period of tariff negotiations could be bogged down next year if the privatization and state modernization process is not started.

[Calderon Sol] Look, no one has said the budget would not be increased, because you have to increase the budget as soon as you raise salaries for public employees. Saying otherwise is totally out of order. I am surprised and would like to know who said it, because it is inconceivable to be saying the budget would not be increased, when there has been a wage increase. In addition, we have increased services.

We are going through a stage in which our country is being rebuilt. We are making infrastructures, taking care of the true needs of the Salvadoran people, and supporting municipalities. We are improving the living conditions of the needy, and this requires investments. It has to be reflected in the budget. Besides, the budget is unified today as it had never been before. It is a unified budget, which is what we defended in Arena. We had inherited two budgets, one official and one unofficial. This is how El Salvador had been operating. Previous governments can attest to this point. The gentlemen from the Christian Democratic Party can tell you.

Today, we have a unified budget, and this will, of course, increase the budget. I am surprised to hear that the budget would not be increased because that is impossible, right?

[Reporter] As for the state's modernization?

[Calderon Sol] As for the state's modernization, we are submitting bills. We hope the opposition will support us with this bill, which we are submitting to the Legislative Assembly. They have been calling for a modernization too. Many institutions will be adversely affected. Many jobs will be eliminated, because we are going to use our resources more efficiently just as the opposition and all El Salvador have been demanding. We also expect their cooperation in this regard.

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Reaction to U.S. DEA Office Installation Viewed

FMLN Leader Rejects Installation

PA3009230095 San Salvador Radio Cadena YSU in Spanish 1800 GMT 29 Sep 95

[Report by Ernesto Landos; from the "YSU Radio News" newscast]

[FBIS Translated Text] The opposition FMLN [Farabundo Marti National Liberation Front] made statements on Friday against the installation of a DEA office in this country.

FMLN leader Jorge Shafik Handal stated that previous experience has shown that the DEA has meddled in other countries' internal affairs. For this reason, Shafik Handal does not reject the possibility that the DEA is attempting to do the same in our country. The DEA office was installed in our country last Thursday [21 September] with complete secrecy. This agency will coordinate antinarcotics efforts with police departments in Central America.

[Begin recording] [Shafik Handal] We can certainly say that wherever it has operated, the DEA has not guaranteed that the respective country is no longer a transshipment point. The world is full of examples, especially here in Latin America. However, the DEA does meddle in internal affairs and violates the countries' sovereignty. We cannot disregard the possible use of these kind of mechanisms for political ends.

[Unidentified reporter] In view of the presidential elections?

[Shafik Handal] In view of anything. It cannot be disregarded.

[Reporter] Is the country's sovereignty threatened with the installation of the DEA office?

[Shafik Handal] Of course. It is a deterioration of sovereignty, on which the nation has not been consulted. Our country did not make this decision. We believe that national antinarcotics mechanisms should be strengthened and consulted, but that is all. [end recording]

Meanwhile, the leftist party denounced the fact that the National Reconstruction Secretariat [SRN] and the Social Investment Fund (FIS) are using funds donated by the international community for political purposes.

[Begin recording] [Shafik Handal] The FIS funds are already being used. Because...[pauses] No, we will make a statement in this regard also. The FIS and SRN funds are the same; they are the result of the peace agreements. Each day you hear on television and over the radio that the government has built 1,400 or I do not know how many projects. This money has come from international aid to the country. Any ruling government from any political party would have received the same funds. These funds are not marked. Nevertheless, very few individuals know this since people believe that each one of these projects is a gift from the government, which has an impact on elections. You remember that last year the government's previous electoral campaign for Arena [Nationalist Republican Alliance] was based on this. Therefore, we want to explain these matters and make sure that the donors in fact make sure also that their funds do not have a political impact. [end recording]

Over the next few days, an FMLN delegation headed by Shafik Handal and Leonel Gonzalez will travel to 15 European countries to demand that the international community exert pressure on our country's government to make good use of funds allocated for national reconstruction.

Defense Minister Defends Installation

PA3009230395 San Salvador Canal Dos Television in Spanish 1900 GMT 29 Sep 95

[Report by Carlos Guzman, from the "Teletwo" newscast]

[FBIS Translated Text] The official opening of a DEA office in the country has sparked a controversy.

Defense Minister Humberto Corado Figueroa has said that the agreement to set up the DEA office is aimed at stepping up the pace of the ongoing struggle to stop the drug trafficking that is ravaging Central America because drug kingpins are acting irrespective of borders.

[Begin Corado recording] We need advice, and this advice must be sought outside the country. We must seek out what is good for El Salvador, regardless of the source. [end recording]

The new DEA office will operate as a liaison between Central American drug police organizations and the U.S. drug police.

[Begin Corado recording] We should seek out this international agency's experience in fighting drug trafficking, an experience we do not have. We should approach this proposal with an open mind and understand that these matters should not be handled in a reactionary manner. [end recording]

The decision to open a DEA office in El Salvador is aimed at keeping drug trafficking from increasing in the country.

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Deputies React to Installation

PA3009234795 San Salvador LA PRENSA GRAFICA in Spanish 30 Sep 95 p 6-A

[Report by David Marroquin and Bernardo Valiente]

[FBIS Translated Excerpt] Various reactions among political players followed yesterday's announcement of the opening of a DEA office.

The office will operate out of the facilities of the Executive Antinarcotics Unit (DAN). LA PRENSA GRAFICA divulged yesterday in an exclusive report that this office will have a computer connected to a world network to provide information linked to drug traffickers and their contacts worldwide. [passage omitted]

The establishment of a DEA office sparked conflicting positions among deputies of the Arena [Nationalist Republican Alliance], the PDC [Christian Democratic Party], the PD [Democratic Party], and the FMLN [Farabundo Marti National Liberation Front].

Arena Deputy Renato Perez, member of the Justice and Human Rights Committee, stated that there is no doubt that the country is being used as a bridge for drug trafficking. He also voiced concern that the presence of the DEA indicates that there might be an increase in the trafficking of drugs.

According to PDC Deputy Arturo Argumedo, the DEA has always been in the country, and it is only being legalized.

"The important thing is not whether or not it violates the Constitution. What must be discussed is the level at which this matter is being handled, because if the DEA is linked to public security, the president and the security minister will have to find a way to regulate its operations so that it does not violate the Constitution and so that it acts in coordination with the PNC [National Civilian Police]."

PD Deputy Juan Ramon Medrano said that this is not negative; "the negative aspect is that there is a drug trafficking operations center in the country and the positive aspect is that this can be countered with the DEA's professionalism and capacity." He explained that there is a legal mechanism that enables the exchange at the level of policemen, and it does not require a special decree; the only requirement is that it must operate in keeping with Salvadoran laws.

Norberto Lorenzana of the FMLN has stated that, if the results are positive, his party will support the fight against corruption, gunrunning, and drug trafficking. Other FMLN leaders, however, questioned the installation of a DEA office saying it violates national sovereignty. FMLN leader Shafik Handal said: "We can declare that, wherever the DEA has operated, it has not prevented the respective country from becoming a springboard for drug trafficking. Instead, the office has meddled in the country's internal affairs, violated the country's sovereignty, and used these mechanisms for political purposes."

Guatemala

Government Reaction to Removal of CIA Officials Viewed

President Views Sanctions as 'Positive'

PA3009193495 Guatemala City PRENSA LIBRE in Spanish 28 Sep 95 p 2

[FBIS Translated Text] President Ramiro De Leon Carpio views as positive the sanctions that will be imposed on CIA officials accused of concealing reports on murders in Guatemala.

The president has said: It is positive in our country and the United States to have justice prevail. If the U.S. Congress considers it advisable to punish its officials, we will support such a measure.

Army 'Respects' Decision

PA3009042995 Panama City ACAN in Spanish 0138 GMT 30 Sep 95

[FBIS Translated Text] Guatemala City, 29 Sep (ACAN-EFE) — The Guatemalan Army respects the decision to dismiss two ranking officials of the CIA for irregularities that occurred during the investigation of the deaths of a Guatemalan guerrilla and a U.S. citizen, a military spokesperson stated today.

Colonel Guillermo Caal, chief of the Army's Information and Press Department (DIDE), told ACAN-EFE that he respects the decision made by John Deutch, director of the Central Intelligence Agency (CIA).

"The United States is at total liberty to do so," the military spokesman remarked briefly at the end of a meeting of Latin American military officials in this capital.

However, he said that he could not state his opinion until the U.S. Government advises President Ramiro de Leon of its decision through the appropriate diplomatic channels.

According to Deutch, who did not give the names of the dismissed officials, other agents have been penalized as a result of the investigations of operations carried out in Guatemala.

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Also, the official who was in charge of the U.S. spy office in Guatemala when the assassination of guerrilla Bamaca and U.S. citizen Michael Devine occurred will have to retire and leave the CIA.

Bamaca was a soldier of the Guatemalan National Revolutionary Unity (URNG) and at the time of his disappearance in March 1991 he was married to U.S. attorney Jennifer Harbury.

According to statements by ranking Guatemalan officials, Bamaca (alias "Commander Everardo") died in combat against government troops in a mountainous region of the southern department of Realhuleu.

Nery Urizar, former agent of the Military Intelligence Service (G-2) of Guatemala, claims that the guerrilla was captured alive and then taken to an Army garrison.

Harbury, for her part, has said, based on U.S. State Department reports, that her husband was captured, interrogated, tortured, and later assassinated.

U.S. citizen Michael Devine had his throat slit by an Army command in the northern department of Peten in 1990, for which four soldiers were sentenced to prison.

Harbury obtained the support of U.S. Democratic Congressman Robert Torricelli, who accused Guatemalan Army Colonel Roberto Alpirez, an alleged CIA collaborator, of being implicated in both crimes.

Honduras

Authorities Deport 15 Trying To Reach U.S. Illegally

PA3009202195 San Pedro Sula TIEMPO in Spanish 28 Sep 95 p 9

[FBIS Translated Text] The General Directorate of Population and Migration Policy reported yesterday that on 26 September it deported 14 Ecuadorans and one Dominican who had been arrested in Choluteca while attempting to travel illegally to the United States. The foreigners were arrested by Department of Criminal Investigation (DIC) and Public Security Force (FUSEP) agents in a house in the Nueva Esperanza neighborhood in Choluteca. The police prepared an operation in Choluteca aimed at arresting the illegal alien trafficker known as Jorge Yanez; however, he managed to get away and remains at large. The Ecuadorans and Dominicans were placed in the hands of the Choluteca tribunals: The judge decided to set them free, ruling that the person who handled their false documentation and none of the foreigners themselves is the person who broke the law. Migration sources reported yesterday that they were deported only after the tribunal declared that they should not be held for committing any crimes. The deported Ecuadorans are: Carlos Ivan Sanchez (42), Luis Alberto Garzon (23), Juan David Barrera (28), Juan Pablo Ortega (18), Nelva Escalda (32), Teresa Tintin (22), Vilma Carcamo (37), Angel Leoncio Rivera (22), Cajamarco Carlos (22), Genaro Quinde Andrade (40), Jose Sarmiento (36), Oscar Cabrera (35), Jose Chaqui Pintado (23), Jose Zuniga Ayala (24). The Dominican is Raul Roque Santos (35).

Nicaragua

Chamorro Asks U.S. for Preferential Treatment of Illegals

PA0110133195 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 29 Sep 95

[Report by Aura Alicia Espinoza; from the "National Newscast"]

[FBIS Translated Text] President Violeta Chamorro has asked the U.S. Government for preferential treatment for Nicaraguans residing illegally in the United States. Chamorro said this today on her arrival in Nicaragua after completing a crowded schedule in Washington.

[Begin recording] [Espinoza] Nicaraguan President Violeta Barrios de Chamorro said today on her return from Washington, capital of the United States, where she was main speaker in the 12th anniversary celebration of the founding of the Center for Democracy, that she gave a letter to Deputy Secretary of State Strobe Talbott addressed to U.S. President Bill Clinton asking for preferential treatment for illegal Nicaraguan nationals residing in the United States.

[Chamorro] President Clinton and his cabinet wholly supports the Nicaraguan Government, and they will not deceive us. Completely opposite to what is so often repeated here: deceit, because no one wants to help us. They offer to support us to the last consequences.

In addition, I asked for his help so that the United States does not abandon us during the democratization process and continues to help us in the future. I told them that I wanted to leave Nicaragua in better shape than I found it, and that I did not want all that we have accomplished to be destroyed.

They also recommended strongly — I know this perfectly well because they have added to Mrs. Hillary Clinton and the President's list the decision to come to Nicaragua to spend some time with us. She will be arriving on 12 October to spend a nice time chatting with us.

In addition, I do not know if you are aware, if you have already made it public, that some time ago I sent a letter

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to President Clinton asking him not to deport illegal Nicaraguan aliens in the United States so rapidly. He has the letter in his power. I repeated the same thing to White House representative Strobe Talbott.

In the same manner in which I have written to Mr. Clinton, I also wrote to George Bush during the former administration. I hope that they will receive preferential treatment, which I have sought not only for them but for everyone, not only for illegal aliens but also for the Nicaraguan people.

[Espinoza] President Chamorro also met with personalities such as Inter-American Development Bank President Enrique Iglesias and International Monetary Fund President Michel Candessus, who ratified their economic support of Nicaragua and acknowledged the advance of the democratization process in Nicaragua. [end recording]

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Argentina

Reportage, Comments on Developments in AMIA Case

Petrella: Remarks on Iran 'Fallacious'

PY3009010095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2019 GMT 29 Sep 95

[FBIS Translated Excerpt] Buenos Aires, 29 Sep (NA) — Deputy Foreign Minister Fernando Petrella categorically denied today that the Menem administration had accepted a suggestion from some European countries to drop the public accusation against Iran on its alleged involvement in the terrorist attacks on the Israeli Embassy in Buenos Aires [on 17 March 1992] and the AMIA [Argentine-Israeli Mutual Association] headquarters [on 18 July 1994].

Petrella thus dismissed the statement made by Ruben Beraja, DAIA [Delegation of Argentine-Israeli Associations] chairman, before the U.S. House of Representatives on 28 September. Beraja claimed that Petrella himself had told a group of Jewish leaders that Argentina had accepted the suggestion by some European countries, which warned that by "harassing" Iran, Argentina "only increased the risk of new attacks."

During a news conference at the Press Room of Government House, Petrella stated: "I have a very poor memory for what I discuss or hear in private meetings. Anyhow, I want to make it clear that the information is totally fallacious. Argentina does not chart its foreign policy on the basis of other states' opinions, even though it does take it into account."

Petrella reported that "the Foreign Ministry had not yet received" the transcript of Beraja's hearing before the U.S. House of Representatives, where congressmen discussed the terrorist attacks perpetrated in March 1992 and July 1994 with Argentine representatives.

The deputy foreign minister nonetheless disclosed that Raul Granillo Ocampo, the Argentine ambassador to the United States, telephoned Foreign Minister Guido Di Tella to give him "a detailed account" of the hearing at the U.S. Congress.

Petrella noted: "I must say, however, that the U.S. Congress has adopted a very sensible attitude, according to what we have been able to assess so far. Once we conclude the analysis of the remarks of all those who attended the hearing, including U.S. congressmen and authorities, we will issue a statement." [passage omitted]

Although he said he preferred to wait until he had the transcript of the hearing, Petrella asserted that "if that is what Beraja said, frankly, he is completely mistaken and terribly unfair."

Petrella, speaking on the radio prior to the news conference, said: "Besides, I do not think the place he (Beraja) chose to express those remarks is the appropriate one, when here in Argentina, the Foreign Ministry was never notified about any concerns of that sort." [passage omitted]

Minister Denies Plans To Drop Accusations

PY2909222995 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2059 GMT 29 Sep 95

[FBIS Translated Text] Buenos Aires, 29 Sep (NA) — Justice Minister Rodolfo Barra denied today that the Menem administration has agreed to end accusations against Iran for its alleged involvement in the attack on the AMIA [Argentine-Israeli Mutual Association] headquarters. Barra also acknowledged that "it will be very difficult" to arrest those responsible for that terrorist attack.

The justice minister stated: "If an international terrorist organization is behind the attack — as it seems likely — it will be very difficult to identify those responsible for the attack and much less to capture them because they are no longer in Argentina."

In the same vein as other government officials, the justice minister flatly dismissed remarks by Ruben Beraja, chairman of the Delegation of Argentine-Israeli Associations, who pointed out that the Argentine Government has decided to end its accusations against Iran.

To that effect, Barra underscored that "it goes without saying" that the Argentine Government "definitely challenges" those reports, adding that "that is an absurd piece of information."

Addressing the U.S. House of Representatives yesterday, Beraja said that Deputy Foreign Minister Fernando Petrella had confided to him that following the advice of several European nations, the Menem administration has decided to drop its charges against Iran.

Barra, speaking on the radio from Washington, D.C., declared: "I think that everybody would be really pleased if the identity of the persons responsible for the terrorist attack were known." Barra participated in a meeting with leaders of the Jewish organization B'nai B'rith in the U.S. capital.

The justice minister further stated that "obviously, a probe is being conducted into the attack, the death toll, and the barbarity," perpetrated on the AMIA headquarters in Buenos Aires on 18 July 1994.

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Barra noted that "the Argentine Government has done its utmost to facilitate the task of the courts."

Investigation Involves Police Officers

PY2909184895 Buenos Aires LA NACION in Spanish 26 Sep 95 p 13

[Report by Adrian Ventura]

[FBIS Translated Text] The Justice Department has allegedly identified the individuals to whom Alberto Telleldin sold the Trafic type van used in the bombing of the AMIA [Argentine-Israeli Mutual Association] center.

They were allegedly identified as two or three Buenos Aires Province Police officers. It is not known, however, whether they simply resold the vehicle or whether they were involved in the preparations for and actual attack on the AMIA building.

Indications

The indications leading to these officers showed up in two different reports.

First, important intelligence reports ordered by Federal Judge Juan Jose Galeano, who is in charge of the preliminary inquiry, uncovered evidence of police involvement in the case.

Second, Federal Judge Luisa Riva Aramayo approached Telleldin seeking other leads and also found indications of provincial police involvement in illegal activities.

The Judge and Telleldin

Judge Riva Aramayo allegedly met with Telleldin on several occasions without the knowledge of her colleagues in the court. Two weeks ago, during a plenary session to discuss issues pertaining to the administrative superintendency, the case was brought to her attention, and her colleagues reprimanded her for her attitude.

The history of these meetings started in July — during the judicial recess — when the First Hall of the Federal Court comprising Riva Aramayo, Horacio Vigliani, and Juan Pedro Cortelezzi received a visit by three Jewish community representatives: Ruben Beraja, Alberto Crupnicoff, and Luis Dobnievsky.

The two Jewish leaders and Dobniesky, who represents the AMIA in the legal case, told the judges that some members of the intelligence service and provincial police groups might be trying to hinder the investigation.

As a result of this meeting, as we have already reported, the court denounced Captain Vergez [not further identified] for having visited Telleldin on several occasions and for offering him money to involve Brazilian citizens of Lebanese descent residing in Ciudad del Este in the attack.

But the Jewish leaders also talked about Riva Aramayo's meetings with Telleldin.

Telleldin had previously challenged Galeano's participation in his trial, but when he was taken to court to testify, he dropped his request and asked, instead, to be received by First Hall Federal Court members.

On that occasion, Telleldin told the group of magistrates that Vergez had offered him money, adding that his prison conditions were very harsh. This report prompted Riva Aramayo to visit him in his cell at the Villa Devoto Prison.

Some reports indicate that the judge and Telleldin met twice and that the prisoner asked for protection for his family in exchange for his cooperation. According to another source, he also asked for money, but to tell the truth, no one really knows what was said in those meetings.

Telleldin Lied

According to an informer, Telleldin told the magistrate that he lied when he said that he had delivered the van to a man called Ramon Martinez, who was a national of some Central American country, according to his testimony before Judge Galeano.

Telleldin allegedly assured Judge Riva Aramayo that, in fact, he delivered the van to the police officers mentioned above.

The investigation into the AMIA bombing led to the discovery of a police ring involved in stolen car trafficking. This underground police culture has a rule stipulating that anyone wanting to get involved in the activity must regularly deliver a number of stolen vehicles to certain officers at some investigative brigades.

According to reports concerning the case, Telleldin was allegedly involved in this type of business. The curious part of the story involving the Trafic van allegedly is, however, that he did not deliver the vehicle to his usual contacts, but to other Buenos Aires agents.

According to an informer, the names provided by Telleldin during his meetings with Judge Riva Aramayo are reportedly the same as those obtained by Judge Galeano.

This is why observers doubt that Telleldin tried to improve his legal position or obtain some additional benefit when he contacted Judge Galeano's superiors to

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talk informally about his case. So far, Telleldin has not had much luck in Galeano's court.

The fact is that the government's position is not altogether very comfortable, particularly in view of the hearings at the U.S. House of Representatives on 28 September — the second hearings since the attack. Rabbi Avi Weiss, who maintains a very adamant position with respect to the investigation in Argentina; Ruben Beraja, who has adopted a more radical position in the past few months; and Justice Minister Rodolfo Barra, representing the Argentine Government, will speak on the occasion.

Police Officers Claim Use as 'Scapegoats'

PY3009045095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0104 GMT 30 Sep 95

[FBIS Translated Text] Buenos Aires, 29 Sep (NA) — Diego Barreda and Mario Barreiro, two officers from the Buenos Aires Province Police implicated in the attack on the AMIA [Argentine-Israeli Mutual Association] headquarters, asserted today that Police Chief Superintendent Pedro Klodczyk "is being pressured" into using them as "scapegoats."

The two police officers, who have been suspended, explained that the only link they had with Carlos Alberto Telleldin — the only person arrested in the AMIA case — was the one "every policeman has, namely that whenever one has to conduct an investigation, one generally relies on an 'informer' or 'squealer."

In an interview during the "Anochecer" [Dusk] program broadcast by Buenos Aires ATC Network, the two policemen reiterated that they have known the person accused of selling the Trafic van used as car-bomb in the attack on the AMIA headquarters, "since he [Telleldin] ran a massage parlor and was constantly being booked for infringing on the law."

Barreda said: "He wanted to ingratiate himself with us to try to obtain some benefit, but we never gave him anything. What could two officers of our rank give him?"

The two policemen said that "they were made the scapegoats," and were being used "by some sector to pacify the wailing of a community that received a severe blow."

Although they said they did not know what sector is behind this or the reasons for such a thing, Barreda and Barreiro asserted that "the police chief has been put under pressure" to accuse them.

Commenting on the sale of the Trafic van, the two officers denied having had any previous knowledge about the final destination it would have. They said that they only learned about the van from press reports.

Finally, the police officers stated that they will struggle "to the bitter end to clear their name in the eyes of society."

Police Chief Denies Purchase of Van

PY2909211495 Buenos Aires LA PRENSA in Spanish 27 Sep 95 p 4

[FBIS Translated Text] Buenos Aires Police Chief Superintendent Pedro Klodczyk has requested the expulsion of two Buenos Aires police officers whose links to Carlos Telleldin — the one who sold the Trafic van that was used in the attack perpetrated on the AMIA [Argentine-Israeli Mutual Association] — have been abundantly proven. This was made public by Alberto Piotti, the Buenos Aires Province security secretary, who recalled that a police team is conducting a "thorough investigation" together with federal police personnel.

Piotti pointed out that the probe is aimed at determining to what extent police officers Mario Barreiro and Diego Barreda were linked to Telleldin, who is currently under custody for his involvement in the AMIA case that Federal Judge Juan Jose Galeano is presiding over. Piotti revealed that within the framework of the administrative pretrial inquest on the alleged involvement of the two police officers in illegal activities, Police Superintendent Klodczyk had requested their expulsion from the police force.

Having accompanied Buenos Aires Province Governor Eduardo Duhalde to an official ceremony on 26 September, Piotti replied to questions posed by the press. "It has been proven that they were involved in the sale of stolen cars and in the tampering of car documents," he said.

Klodczyk, for his part, stated that the pretrial inquest, instituted on 22 February, "revealed a close link between the two officers and Telleldin," concerning the latter's involvement in "car theft."

In any case, he made it clear that this link "has nothing to do" with press reports released on 28 September claiming that those two police officers had purchased the van used to perpetrate the devastating terrorist attack.

The police chief further reported that the probe is about to be concluded, adding that the law regulating police personnel actions stipulates that officers with proven links to "notorious criminals" are liable to be expelled from the force as this is considered "grievous wrongdoing."

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Klodczyk declared that the "close link" between the police officers and Telleldin was established following the police investigation and the information provided by Judge Galeano. In conclusion, the police chief said: "There were obvious ties of friendship between the police officers and the criminal [Telleldin]. It is there inconceivable that they could be unaware of Telleldin's criminal activities. This is why we have requested that they be expelled."

Deputy Foreign Minister Views Accord With UK

PY0210150195 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2035 GMT 29 Sep 95

[FBIS Translated Text] Buenos Aires, 29 Sep (NA) — Deputy Foreign Minister Fernando Petrella asserted today that the joint declaration signed with the United Kingdom on oil prospecting and exploitation in the waters around the Malvinas Islands "has far-reaching possibilities for Argentina."

Petrella confirmed that Foreign Ministry officials will meet with oil corporation representatives at San Martin Palace on 2 October "to satisfy their curiosity about the South Atlantic as a result of this historic circumstance."

The deputy foreign minister stressed that the agreement signed by Foreign Minister Guido Di Tella and Malcolm Rifkind, his opposite number in the Foreign Office, on 27 September, "will be beneficial for Tierra del Fuego and Patagonia."

Petrella challenged the opposition's criticism of the agreement noting that it "does not imply acknowledgement of the rights of the United Kingdom to the islands because it applies to an area in dispute, as it is expressly stipulated in the text of the joint declaration."

He pointed out: "Argentina, through successive administrations, has managed to achieve at least four significant objectives, namely, to preserve its sovereignty, to handle this dispute in a rational way, to eliminate the possibility that the United Kingdom should act unilaterally, and to obtain benefits in the area under contention, something which had never occurred so far."

Petrella made these remarks during a news conference at the Press Room of Government House.

The foreign official said the agreement "opens an important window of opportunity to continue the dialogue, further the understanding, and strengthen the trust destroyed during the 1982 war."

Petrella added that this trust will allow us to make "more comprehensive proposals someday, which is what the entire Argentine people want."

Petrella said: "To suppose the agreement permits a sharing of sovereignty," as the opposition suggests, "is optimistic. Argentina claims sovereignty over the islands, it does not exercise or share it."

The official said: "We claim sovereignty over the islands, but we do not have any access to the zone in dispute. The joint declaration affords us important regulatory functions and the sharing of benefits in the area in dispute."

With respect to the possibility of a meeting between President Carlos Menem and British Prime Minister John Major, now there is a new climate created by recent agreements, Petrella said: "We still have to combine many logistic aspects."

The foreign official added that during the commemoration of the 50th anniversary of the United Nations, "more than 150 heads of state will visit Washington, but first we must resolve problems of agenda."

Petrella said "there is a strong possibility" that the Princess of Wales, Lady Di, will visit Argentina before the end of the year.

New Oil Exploration Zones Marked

PY0210145995 Buenos Aires TELAM in Spanish 2312 GMT 29 Sep 95

[FBIS Translated Text] Buenos Aires, 29 Sep (TELAM) — A Foreign Ministry source has reported that Argentina and Great Britain will mark two new oil exploration zones within the special cooperation areas around the Malvinas Islands.

The source said: "The two zones encompass about 7,000 square kilometers and are as yet unmarked. These areas will complete the 21,000 square kilometers mentioned as special cooperation areas."

The source admitted that the new zones "could be to the northwest of the islands," close to the San Julian basin. The source warned, however, that the decision is in the hands of "the Joint Argentine-British Commission created under the agreement."

The Foreign Ministry Public Relations Office has released an official map on which the special cooperation areas are marked to the southwest of the islands.

The areas are like three superimposed rectangles that start at 52 degrees south and 63 degrees 36 minutes west, and extend to 53 degrees 40 minutes south and 61 decrees west.

The blocs defined so far total four. They are next to Burwood Bank, where one of the potentially richest basins in the world has been located.

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Brazil

U.S. Embassy Said 'Plotting' Against Health System

PY2909234995 Sao Paulo AGENCIA ESTADO in Portuguese 2149 GMT 29 Sep 95

[By Aldo Renato Soares]

[FBIS Translated Excerpt] Brasilia, 29 Sep (AE) — Health Minister Adib Jatene today blamed the repercussions of the payment of allegedly irregular hospital treatments on sectors whose interests have been affected. Jatene accused the U.S. Embassy in Brazil of plotting — through Internet — against the public health system in order to favor the entry of foreign groups into Brazil. Jatene said that some sectors want the SUS [Single Health System] to limit itself to giving attention to old people and unemployed workers, opening the market to private medical institutions. The U.S. Embassy did not reply to the remarks by Jatene.

The minister today reiterated that he ordered payment of 131,665 allegedly irregular AIHs (Hospital Admission Permit), in order to avoid a collapse in the hospital system. He said that the system is operating under very tight conditions and that because of the lack of funds, the ministry could not adjust the price of hospital treatment by 40 percent. Moreover, over the past three months the ministry reduced the number of hospital treatment orders by more than 800,000. [passage omitted]

Cardoso, Sao Paulo Lawmakers Discuss Banespa Issue

PY2909180495 Sao Paulo AGENCIA ESTADO in Portuguese 0040 GMT 29 Sep 95

[Report by Christiane Samarco and Claudia Carneiro]

[FBIS Translated Text] Brasilia, 28 Sep (AE) — President Fernando Henrique Cardoso has ruled out the possibility of liquidating Banespa [Sao Paulo State Bank]. Yet, he has not been able to announce a government-sponsored formula for suspending the federal intervention in Banespa. Cardoso tonight conferred for 30 minutes with senators and deputies of the Sao Paulo congressional blocs. According to the congressmen themselves, the meeting was instrumental only in confirming the president's willingness to resolve the issue as soon as possible. Cardoso said: "If I could, I would resolve it tomorrow."

Deputy Helio Rosas, coordinator of the Sao Paulo PMDB [Brazilian Democratic Movement Party] congressional bloc, said, upon leaving Planalto Palace: "The meeting was good, but not conclusive. The president did not endorse any course of action." When Deputy Aldo Rabelo (PC do B-SP) [Communist Party of Brazil-Sao Paulo] asked Cardoso if they could state that Banespa will not be privatized, the president quickly corrected him by saying: "Although there is no interest in privatizing Banespa, I did not say that it will not be privatized."

In the opinion of Deputy Michel Temer (SP), leader of the PMDB bloc, Cardoso has markedly reduced the possibility of Banespa being privatized, but he has not ruled it out. Asked about the Central Bank [BC] insistence on privatizing Banespa, Cardoso said that the issue now is not privatization. Cardoso added: "We must first address the Sao Paulo State debt issue, and this is what the federal administration is going to do now." Deputy Rosas said he had emphasized that it would not be possible to privatize Banespa because neither Governor Mario Covas nor the Sao Paulo legislative assembly would approve it.

Cardoso stated that the problem is not Banespa itself, which "continues to be strong," but the 13 billion reals [R] owed by Sao Paulo State to Banespa. When Deputy Jose Anibal, leader of the PSDB [Brazilian Social Democracy Party] bloc in the Chamber of Deputies asked about the possibility of rescheduling the Sao Paulo State debt, Cardoso noncommittally said: "We have various alternatives; we are going to follow one of them to resolve the state debt issue." Temer said: "He indicated that the Banespa negotiations would affect the debt negotiations with states other than Sao Paulo." Rosas added: "Because Finance Minister Pedro Malan was not present, we could not discuss any technical solution."

Workers Party Deputy Luiz Gushiken (SP) and Rosas complained about the negative signals sent by the BC regarding the Banespa case. They noted that Sao Paulo State owns many valuable assets, and that it is willing to turn many of these assets over to the BC to repay part of its debt. Unfortunately, they charged, the BC is always sending bad signals against Banespa. Temer said Cardoso concurred with their remarks by nodding his head and vowed to take steps to prevent "the BC negative signals" from hurting Banespa.

According to presidential spokesman Sergio Amaral, the president told the lawmakers that "at no time has the federal administration opposed the idea of keeping Banespa operating" and assured them that the federal administration wants a prompt solution to the case, which is being studied by the BC. Amaral said that the administration believes that "it would be difficult to privatize Banespa at this time, and the question now is how to keep it operating."

According to Amaral, the president sought to make it clear that Banespa is not an isolated issue and, thus, it must be resolved within an overall framework involving

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the debts of the states. Cardoso said: "Banespa's problem is the Sao Paulo State debt. The time has come to courageusly address this problem. It was to this end that I called for a meeting of governors." In Cardoso's opinion, no political solution can be worked out for Banespa "because that would not focus on the root of the problem and could undermine Banespa's image on the market."

Cardoso again told the lawmakers that the BC continues to be the channel for negotiating the Banespa debt issue. Cardoso opened the meeting with the Sao Paulo bloc of lawmakers by explaining the administration's position regarding Banespa. Cardoso said the administration had no other alternative but to place Banespa under a trusteeship. He said: "The BC had to intervene in Banespa because otherwise, it would have gone bankrupt."

Deputy Paes de Andrade Elected PMDB President

PY0210111395 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 2 Oct 95

[FBIS Translated Text] Ceara Deputy Paes de Andrade is the new national president of the PMDB [Brazilian Democratic Movement Party]. He won by one vote.

Paes de Andrade thus became president of Brazil's largest party, which has approximately 6 million members. Paes de Andrade defeated Sao Paulo Deputy Alberto Goldman by just one vote, 76 to 75.

The election was held on 1 October at the national PMDB convention at the Chamber of Deputies' hall.

Paes de Andrade was elected federal deputy for the first time in 1963. He was president of the Chamber of Deputies from 1987 to 1989. He will preside over a party with 104 federal deputies, 23 senators, nine governors, and two ministers.

Deputy Alberto Goldman intends to appeal the result of the election.

Chief Justice Opposes Judicial Reform Proposals

PY2909233895 Sao Paulo GAZETA MERCANTIL in Portuguese 22-24 Sep 95 p A12

[FBIS Translated Text] According to AGENCIA BRASIL, Sepulveda Pertence, chief justice of the Federal Supreme Court (STF), yesterday condemned once again every congressional proposal designed to set up an external control system of the judicial branch. Pertence said that the interference of one branch of government in the work of another represents an unacceptable constitutional regression that could endanger the performance of the justice system itself.

Without changing his opinion on the matter, Pertence advocates the creation of a national council of magistrates, which would consist of magistrates serving on the current structure, of members of the Brazilian Lawyers' Association, and of members of the Attorney General's Office. The basic task of the council would be to formulate policies and standardize administrative criteria for the judicial area.

Addressing nearly 1,500 participants at the 14th Brazilian Congress of Magistrates in Fortaleza, Pertence made it clear that a proposal to create independent councils of justice at the federal, state, and district levels — each one consisting of three citizens who are over 35 and who must be appointed by Congress — is unacceptable. The idea was included in a proposal, which had already been rejected, made by Deputy Jose Genoino (Workers Party-Sao Paulo).

In his lecture, Pertence conveyed his support for a proposal made on 20 September at the Chamber of Deputies by Justice Mario Velloso. Pertence said that the creation of a 12th STF justice does not necessarily involve the creation of another bench because the new justice would only perform the role of superintendent and would be vested with the power to investigate charges against other members of the STF itself, of other higher courts, and even of state courts.

Pertence also criticized the stagnation of the Brazilian justice system. In his opinion, the judicial branch is undergoing an operational crisis, which primarily stems from flaws that are reflected in clear pockets of corporatism involving judges.

In a nearly two-hour long lecture, he emphasized the difficulties judges are having to interpret new laws. He said: "There is clearly a credibility crisis in the justice system, including a loss of political legitimacy."

Thus, Pertence expressed his conviction that the judicial branch must be reformulated urgently. He said the reformulation should be made without resentment and acting both conscientiously and thoroughly. He added that the first step would to be to put an end to mutual accusations. In his opinion, the crisis has deep causes and, therefore, it cannot be blamed on the legislature or on the judicial branch alone.

Pertence believes that many of these problems will be mitigated through the implementation of the special courts, which will have broader powers than the small claims courts and which will bring relief to the "mammoth" structure of justice; through the establishment of case precedents for various matters; and above all, through a reduction of the volume of cases that reach the higher courts.

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Congress passed the law creating the special courts early in September, and President Fernando Henrique Cardoso is scheduled to sign it on 26 September.

PT Joins Privatization Process Through Pension Funds

PY0210131895 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Sep 95 p A16

[Article by Fernando Granato and Julio Ottoboni]

[FBIS Translated Text] Leaving aside ideological matters, the PT [Workers Party] and the Sole Workers Center (CUT) have started to take pragmatic action in the federal government's privatization program. They are doing so through the pension funds of state-run companies, in which persons linked with the PT and the CUT have been designated as directors and members of overseeing boards and fiscal committees. These positions are filled through direct voting by company employees.

Some funds, like Previ, of the Banco do Brasil, and Sistel, of Telebras [Brazilian Telecommunications, Inc.], have purchased state-run company shares and now participate in the management of privatized enterprises, like Usiminas [Minas Gerais Iron and Steel Mills, Inc.] and Acesita (Itabira Special Steel Company], the Brazilian Aeronautics Company (Embraer), and the Espirito Santo Power Plants, Inc. (Escelsa).

Since the pension funds took control over state-run companies, demonstrations by party militants during privatization auctions have decreased. At the Usiminas auction in 1991, 400 demonstrators entered the restricted-access area of the Rio de Janeiro Stock Exchange, stoning investors and 600 military policemen. A picture taken on that day of a demonstrator kicking an executive became famous. The outcome of the battle was: 81 injured and 13 detained. The most recent auctions — Escelsa and pene [Northeastern Petrochemical Company] — were peaceful, marked only by isolated demonstrations.

According to the latest figures of the National Bank for Economic and Social Development (BNDES), prior to the auctioning of Embraer in December 1994, pension funds had purchased state-run company stock worth approximately $1.2 billion. By the end of 1994, the government had obtained some $7 billion from the auctions. Financial market estimates show this may have already grown to $8 billion following the privatization of Copene in August.

"The participation of pension funds in privatization is a way to socialize those enterprises," says PT President Jose Dirceu, who was among those who most strongly opposed the process sponsored by the federal government for privatization of Usiminas in 1991 under the Fernando Collor administration.

"I believe pension funds should not discuss the matter from an ideological but from a practical viewpoint, focusing on the business that each case represents for the interests of the fund," says Deputy Luiz Gushiken (PT) (SP) [Sao Paulo], who is linked with the Sao Paulo Bank Employee Union.

Previ is the country's largest pension fund, with assets of $12.7 billion, has seven executive directors, four of whom are directly elected by the employees. It is strongly influenced by the intense activities undertaken among bank employees of the unions linked to the CUT.

Previ's deliberative director Antonio Cortizas Noguerol, who was elected by a direct vote, has said that there is no inconsistency in the participation of pension funds in the privatization of state-run companies. "Since the privatization process was unleashed by the government, we had to wait and see if it was advantageous for pension funds," he said. "In our case we saw it was, because it was a way to allow workers to influence those enterprises." Noguerol, who was elected in 1994, voted for the participation of Previ in the negotiations for the purchase of Embraer and Escelsa.

In Sistel, which shares control over Embraer with Previ, counselor Pedro Jaime Ziller de Araujo, who is linked with CUT unions, has even more categorically confirmed that theory is different from practice. He does not agree that privatized enterprises like Embraer should continue to operate as a "source of employment." He said: "I cannot agree to that just because I am a unionist." He thus referred to the 1,700 dismissals by this enterprise since its privatization.

Private Sector Reportedly Wants To Accelerate Reforms

PY2909185395 Rio de Janeiro JORNAL DO BRASIL in Portuguese 27 Sep 95 p 2

[From the "Things of Politics" column by Dora Kramer: "Entrepreneurs Urge Cardoso"]

[FBIS Translated Text] If he were now facing Fernando Henrique Cardoso, FIESP [Sao Paulo State Federation of Industries] President Carlos Eduardo Moreira Ferreira would have something to ask of him: the urgent approval of the constitutional reforms. Moreira believes that rather than expecting the necessary adjustments of current economic policy factors — like interest rates and the lifting of restrictions on official credits — entrepreneurs are much more anxious to see structural changes.

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Only structural changes will alleviate the stabilization pains that are affecting the middle class and workers, who are now being hit by massive dismissals in Sao Paulo. Yet such pains are also a blow for the productive sector. This is why FIESP — despite believing that the economy is, in general terms, on the right course — has adopted a more aggressive attitude, particularly as concerns coordination efforts with Congress.

It is obvious that entrepreneurs know the interests and the pressure that affect political activities, undermining relations between the executive — including the governors — and Congress to such an extent that the reforms have been left stagnant.

Yet in the opinion of Carlos Eduardo Moreira Ferreira, the three persons who currently have decisionmaking power in Brazil — Fernando Henrique Cardoso, Jose Sarney, and Antonio Carlos Magalhaes — should once and for all reach an agreement and start working on what is really important.

Even though he supports the president, Moreira Ferreira does not say Cardoso is free from responsibility for the situation. "In the first half of the year, things moved forward because Cardoso was running everything. Why doesn't he do the same now?"

Moreira Ferreira answered his own question. The reason might be the debacle that began with the Economico Bank crisis right at the beginning of the second half of the year. This is why it is necessary to reach political agreements, which should include other topics, and not only the situation of banks, among them Banespa [Sao Paulo State Bank].

The FIESP president believes that the government is not using all the instruments with which it can exert pressure. There are no demands, from either deputies or senators, which could not be met through government action. I am not referring to that opportunistic give-and-take involving government jobs, but to actions — which may even be collective — to show the government's firepower.

What the government cannot do, Moreira Ferreira went on, is to remain paralyzed as time goes by, until so long a period of time elapses that nothing else can be done. He said the final deadline will expire in April 1996. After that month, the elections will become the only important thing, and the reforms will have the same fate as the Constitutional amendment of 1994.

The problem is that now, the future of a currency is at stake. This is no joke. It is not possible to wait.

As a healthy example of pressure, Moreira Ferreira mentioned what occurred during the meeting between the president and the governors on 25 September.

He was not referring to the pact for exchanging financial support for states in return for support for the administrative, tax, and social security reforms; he was referring to the way in which Cardoso tackled the problem.

In the opinion of Moreira, bloc negotiations will hardly succeed. By authorizing Pedro Malan to review each case, Cardoso might have once again resorted to the practice of dividing in order to win. "Case-by-case negotiations always produce favorable accords," he said.

It is, therefore, possible to see a solution, yet it is not sufficient for approving even one single amendment. The needs, the mistakes, the positive steps, the demands, the wishes — in a word, the thoughts — of Sao Paulo industry will be raised during a conversation that Moreira Ferreira and a group of entrepreneurs will hold soon with Finance Minister Pedro Malan.

"He must move to Congress," the entrepreneur said, to justify his contention that this is the time for political negotiations. Even more: It is high time for Malan to go to the field in search for results, taking advantage of the support he received from the president.

This is precisely the position that Moreira Ferreira is advocating for entrepreneurs — an economically aggressive and politically proficient position. Concerning business, Moreira — who in October will begin his second term as FIESP president and his first term as a National Industrial Confederation leader — wants entrepreneurs to take the initiative.

"If we wait for the government, nothing will happen," he said on announcing that he is preparing two projects. One of them concerns foreign trade, with entrepreneurs heavily investing in the marketing of the Brazilian trademark on the international market, and the other involves the port of Sao Paulo.

"Enterprises should not flee from the state, with exports being shipped through Vitoria or even Montevideo because our port is obsolete." Sao Paulo entrepreneurs will make an effort to build a port at Cosipa [Sao Paulo Iron and Steel Company] facilities, a company that has been privatized, to assume the role that the port of Santos could play but does not because — as Moreira put it — Governor Mario Covas has not tried hard enough.

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Committee Yields To 'Pressure,' Lifts Bank Secrecy Rule

PY2909185195 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Sep 95 p A7

[FBIS Translated Text] Brasilia — Behind the administration's desire to obtain the power to suspend the bank secrecy rule without a court order is the mammoth figure in revenue losses provoked by smuggling activities within our borders alone. The administration estimates that, in addition to the above losses, one must estimate a 50 percent tax evasion that would encompass the activities of the so-called informal economy — that is, street peddlers and the likes, who are not paying taxes.

Based on the above figures — and especially emphasizing the rising trend in tax evasion — the administration is succeeding in persuading Congress to approve an article in the tax reform bill that empowers the Federal Revenue Secretariat [SRF] to suspend the bank secrecy rule, without requiring a court order, regarding the accounts of individuals suspected of tax evasion. Today, even a prosecutor needs a court order to investigate the accounts of a suspect.

Administration economic officials are exerting pressure and are using these figures as a powerful tool to seduce congressmen. They are telling the lawmakers that, should the above figure of 50 percent with regard to tax evasion and revenues not occur, Brazil would be able to solve all of its problems. Even military barracks were affected by the sense of emergency given to the subject: Administration officials have informally contacted members of the Armed Forces about the possibility of military cooperation to fight smuggling activities. Although the invitation implied that the Federal Police are inefficient, military officials were not impressed. A high-ranking officer said: "We will participate only if we receive orders."

According to the same officer, who is serving in the military high command, Army Minister Zeniildo Lucena is seeking a solution that would reconcile the interests of both economic and military officials. Lucena suggested the creation of a gendarmerie force within the Armed Forces to serve as a judicial police. The gendarmerie existed during the time of the empire when Brazil was a single state, but it disappeared when the federation was formed, at which time the state military police forces assumed its role. For the time being, everything is in the making and there is nothing concrete: The only concrete fact is that the system is inadequate to fight the existing high level of evasion.

It has been within this emergency context that the Constitution and Justice Committee [CCJ] of the Chamber of Deputies — driven by an alliance of pro-government and leftist forces, including the Workers Party — decided to suspend the bank secrecy rule, violating constitutional principles and internal congressional regulations. The CCJ had rejected a similar proposal contained in the Social Security Reform proposal during the first half of this year, on the grounds that it was unconstitutional. The CCJ approval of this rule has been a victory for the administration, one that could be repeated in the plenary session.

'Partial Solution' Found to 'Excessive Foreign Reserves'

PY2909163295 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Sep 95 p A3

[Editorial from the "Notes and Information" page : "Using the Reserves"]

[FBIS Translated Text] The monetary authorities have just found a partial solution to what we could call Brazil's excessive foreign reserves. They have decided to pay, in advance, a portion of the foreign debt as well as the guarantees required to cover 100 percent of the principal of the debt and 12 months of interest on par bonds with discounts that should have been granted in October 1995 and April 1996. This may seem an impetuous solution but, as a matter of fact, it not only seeks to prove to foreign creditors that Brazil is in a very comfortable position regarding the exchange market, but also helps the government to solve monetary expansion problems. In addition, it gives the country the possibility of conducting some operations in the international financial market. The country could not conduct these operations before the agreement on the consolidation of the foreign debt, which was signed in 1992- 93, had been completely paid for.

The growth of foreign reserves has always worried the monetary authorities. As the demand for foreign currency is smaller than the amount entering the country, the Central Bank has to buy part of that currency in order to avoid an overvaluation of the real. To do that, however, the Central Bank has to issue currency and face yet another problem: excessive liquidity. As excessive liquidity can make the inflation rate increase, the government seeks to neutralize this effect by selling certificates on the domestic public debt. This way, the volume of certificates in circulation increases and makes those who normally purchase them believe there are risks in dealing with government certificates. As a result, the interest rates become higher and higher, thus contributing to making it more difficult to honor the domestic debt because public funds are being transferred to speculators, while the public deficit continues to increase.

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The government is seeking to reduce these handicaps. It has increased the IOF [Financial Operations Tax] on short-term investments and modified its tactics for investment of reserves in foreign banks in order to profit more from them. Although this is certainly not enough, the Brazilian Government is reluctant to adopt other measures that might discourage foreign investment in the country.

The government must, nonetheless, find other ways of using our reserves, which will total nearly $50 billion in the next few months. The payment in advance of part of our foreign debt ($277 million in October and $295 million in April 1996) represents a small relief. The collateral effects of this solution, however, are more important still because we are thus showing our creditors that our foreign reserve situation is extremely comfortable. As a result of this decision, we are also saving on payment with regard to some interest rates abroad and predisposing the foreign creditors in our favor. Thus, it will become easier to obtain longer term loans and to change the profile of our foreign debt. The government has also chosen this moment to markedly reduce the IOF on foreign loans, depending on the term established for the conclusion of the operation.

The most important effect of this decision on paying the foreign debt in advance is, perhaps, that we have given creditors all sorts of guarantees and are now able, once again, to repurchase certificates on our foreign debt in the secondary market. We had been forbidden to do that in view of the agreement previously signed. Those certificates, which are sold with discounts ranging from 20 to 30 percent, are significantly helping the country to use its foreign reserves because they allow us to effectively reduce the foreign debt at a very low cost. This is the best way of using our foreign reserves, but we have to do it carefully and take into consideration the fact that an important portion of our reserves consists of short-term investments of a volatile nature.

The Senate has, in record time, authorized the government to repurchase our foreign debt. This does not solve the problem of our excessive foreign reserves, because we are only disbursing $572 million for that purpose, but it shows — at least — that Planalto Palace is aware of the problem and ready to find other solutions to it.

Government To Limit Foreign Capital in Telecommuncations

PY0210131395 Sao Paulo GAZETA MERCANTIL in Portuguese 25 Sep 95 p A6

[Article by Isabel Versiani]

[FBIS Translated Text] The government is studying the possibility of imposing limits on the inflow of foreign capital into the telecommunications sector. Acting Communications Minister Fernando Xavier has said the idea is to establish criteria to guarantee that enterprises will be controlled by Brazilians. He did not announce any measures, however, to regulate this restriction. "Measures are still being studied," he said.

During a news conference on 22 September, Xavier said: "I believe the Brazilian market is very attractive, and we must have rules to guarantee that our entrepreneurs will have room for themselves." He believes restrictions on the participation of foreign capital in telecommunications enterprises should be included in the tenders. The fact that the Constitution no longer differentiates on the origin of capital does not prevent the adoption of restrictions in some specific areas, Xavier said. "We will see how to do it without violating the law," he noted.

Xavier emphasized that the ministry's technical work has not been suspended since Sergio Motta became ill on 18 September. He added that on 27 September, he will report to Congress to show lawmakers a document outlining the steps that the government will take to restructure the sector. In 15 to 20 days, the government will publish a decree containing the concessions code, which has already been submitted to Congress and which is being submitted to public consultation.

The bill creating the new Telecommunications Code, which will regulate the sector, will also be submitted to Congress at the end of October, as Motta had already promised. The ministry estimates that the bill will be approved at the end of the year. The idea is to make the tenders for exploitation of restricted services after discussion with Congress. "In the first half of 1996 we should be ready to issue the first documents for cellular phone tenders," the minister said.

Xavier said that matters involving political decisions will have to await Motta's return. One example is the designation of directorate members of the last eight state telephone companies that await restructuring — Telepara, Teleamapa, Telepisa, Telasa, Telemat, Teleacre, Telma, and Teleron [expansions unknown]. The meetings to make the designations had been scheduled for this week, but were cancelled.

The meeting between the ministry team and Telebras [Brazilian Telecommunications Inc.], scheduled for the past weekend to discuss "the ministry's philosophy of work," were also suspended because of Motta's absence, because the minister himself was heading the debates. As for the restructuring of tariffs, Xavier said they are now under full Finance Ministry responsibility. "We have already submitted all the studies on the subject," he said.

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Xavier said it is impossible to predict how long Motta will remain outside the ministry. "The top authority now is the doctor," he noted but estimates that the minister may soon participate, even indirectly, in the most important discussions in the area.

Correction to Editorial Criticizes 'Squandering'

PY2909015495

The following correction pertains to the item headlined "Editorial Criticizes Government 'Squandering'," published in the 28 September Latin America DAILY REPORT, pages 29-30:

Page 29, column one, paragraph six, first sentence, make read: ...thing and another, such expenditures increased. Former President...(rewording for clarity)

Page 30, column one, first paragraph, last sentence make read: ...threw $2.2 billion into a project...(correcting "million" to "billion")

Correction to Senate Committee Vote on Bill

PY2709204695

The following correction pertains to the item headlined "Senate Committee Hopes To Vote on Patents Bill 26 Sep," published in the 26 September Latin America DAILY REPORT, page 37:

Column one, paragraph five, sentence two, make read: ...sponsored meetings with priests and scientists to...(correcting "parents" to "priests")

Colombia

Samper Not To Allow U.S. To Begin Legal Action

PA2909143695 Madrid EFE in Spanish 1248 GMT 29 Sep 95

[By Antonio Martinez]

[FBIS Translated Excerpt] Santa Fe de Bogota, 29 Sep (EFE) — The infiltration of drug trafficking into Colombian politics has unleashed a storm that is threatening the stability of the government and its relations with Washington, and even given rise to conjectures — until recently unthinkable —about a future trial of President Ernesto Samper Pizano in the United States.

There is no press speculation or gossip from political circles, but there have been recent actual comments by President Samper and Prosecutor General Alfonso Valdivieso.

According to Radio Cadena National (RCN), the president warned he will not allow the United States to begin a "legal action simultaneous" with the one being conducted in Colombia for the alleged contributions the Cali Cartel made to his election in 1994.

Valdivieso, in turn, said he does not think the United States is now seeking to try the president.

"No. I have not felt that way, so far," Valdivieso said from Washington, where he was asked if the United States is trying to start a legal action against Samper based on the remarks by the Cali Cartel treasurer, Chilean Guillermo Pallomari, who turned himself in to U.S. authorities in August.

According to sources from the two countries, Pallomari confirmed the statements by Samper electoral campaign's treasurer Santiago Medina, who has been under arrest since July, to the effect that the cartel donated 5 billion pesos (over $6 million) to the election of the then Liberal Party candidate, President Samper.

"I cannot tell what the scope of the legal action that the United States will take in the future with regard to Pallomari," Valdivieso said. [passage omitted]

Report: U.S. Displeased Despite Minister's Apology

PA3009032895 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 30 Sep 95

[Report by Jorge Alfredo Vargas, from the "Seven O'Clock Newscast"]

[FBIS Translated Text] A harsh declaration by the U.S. Government against Minister Serpa, which was announced today by the spokesman of the U.S. State Department, gives the impression that despite the apology made last night by the interior minister, the U.S. Government is anything but pleased with our country. This is what was said.

[Begin U.S. State Department Spokesman Burns recording, in English] The charges that were made by this particular individual are outrageous and we reject them completely. This behavior is appalling and can only have a negative effect on bilateral relations if these people are in fact speaking for the Colombian Government. [end recording]

Samper: 'No Constitutional Crisis' Exists

PA2909182495 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1721 GMT 29 Sep 95

[Statement by President Ernesto Samper at the Narino Palace in Santa Fe de Bogota on 29 September — recorded]

[FBIS Translated Text] The state is going through a difficult period, but its institutions are [words indistinct]

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as should be in a rule of law. The investigation organisms and judges have always had and will continue to have the support of the national government. As the president of all Colombians I will not allow a process that I personally requested to disrupt our institutions.

For that reason I am making a new appeal for calm and prudence. All Colombians, without distinction, are entitled to live in country at peace. The rule of law cannot and must not be jeopardized because it is functioning. In history, there is no formula other than the law to put things in order when conflict between citizens arise. For that reason I will not hesitate for a second to insist that all officials, regardless of their responsibilities, should conduct their actions in a calm and prudent manner, as I am certain that Colombians will be grateful and exercise their right to live in a country in order.

I am certain that the prosecutor general and the attorney general fully share these postulates on the social responsibility of the state and on the calm and moderation that compels all officials of all the state branches, without distinction, to be calm and prudent.

Colombians can rest assured that there is no and there will be no constitutional crisis. Thank you.

Acting Prosecutor General Salamanca Interviewed on Charges

PA2909154395 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 29 Sep 95

[Interview with acting Prosecutor General Adolfo Salamanca by Dario Arizmendi; from the "Caracol's 0600 to 0900" newcast; place not given; monitored in progress — live]

[FBIS Translated Text] [Salamanca] ...a return to prudence that, I would say, has always characterized persons such as Dr. Horacio Serpa.

[Arizmendi] Also yourself, Dr. Salamanca?

[Salamanca] Yes, I completely identify with that position. I think that that is the healthy and prudent way to go at present.

[Arizmendi] Do you not think that your opinions should have been based on facts and evidence, as the prosecutor [fiscal] has demanded?

[Salamanca] That is essentially different. I think that there has been no lack of reflection and no violation in my statements.

[Arizmendi] Many persons thought: Dr. Salamanca said what he did because he has a lot of evidence; perhaps he received documents from Mr. Pallomari.

[Salamanca] No, I said that there are many elements of judgment around those processes that will be evaluated at each phase and the appropriate decisions will be made. I do not think that this is strange or a novelty, or anything that should alarm anyone. This is the normal way of handling files.

[Arizmendi] Yesterday you announced three new arrest warrants in the next hours. When will they be issued, Dr. Salamanca?

[Salamanca] I have not announced three arrest warrants [words indistinct]. I said that during this process there could be new decisions regarding the freedom of persons.

[Arizmendi] When will the status of persons such as Fernando Botero be defined?

[Salamanca] The situation of Dr. Fernando Botero was defined long ago. The next phase will come [words indistinct].

[Arizmendi] But will that occur before 31 December...

[Salamanca, interrupting] I think that most of these files should be examined [calificarse] this year.

[Arizmendi] Dr. Salamanca, with all due respect, some think that you are helping to burn down this country. You discredited the Chamber of Representatives Accusations Committee that is investigating the president of the Republic and turned justice into a television show such as the one last night.

[Salamanca] I think that that is a very disrespectful opinion. I am not burning up [words indistinct] and I am not making a show of any kind. People have a right to know what is going on and what their dignataries in any branch of state are thinking. I think that there is nothing out of tone, incendiary, inappropriate, or indelicate. I think that those who are burning up the country are those who are committing crimes against public interests in general.

[Arizmendi] But the information, Dr. Salamanca, that the country should learn about, should not be disseminated through documents that are well-grounded, cold, tranquil, and measured, and not in the heat of an interview.

[Salamanca] Of course, I fully agree with you. Justice should be administered through actions that are in keeping with the responsibility of the persons involved, and this has not occurred [words indistinct].

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Officials View Statements by Prosecutor Salamanca

Prosecutor General Notes Support

PA3009024795 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 30 Sep 95

[Special Report by Cesar Mauricio Velasquez via satellite from Washington]

[FBIS Translated Text] The internal conflict the country is undergoing caused by differences between the government and the Office of the Prosecutor General continues to get stormier.

In statements made last night Assistant Prosecutor General Adolfo Salamanca seems to have rattled the wasps nest even more. At any rate Prosecutor General Alfonso Valdivieso, currently in Washington, today expressed his full support for Salamanca.

Prosecutor General Alfonso Valdivieso maintained his complete support for Assistant Prosecutor General Adolfo Salamanca. When referring to statements made recently by his assistant the prosecutor general ruled out any prejudgment since Salamanca did not point to any specific person when he referred to alleged infiltration of drug-trafficking funds in the political campaign.

[Begin Valdivieso recording] There have been attempts to present Dr. Salamanca's statements as a prejudgment, and I have said that this is not the case since prosecutors involved in cases are the only ones who can voice an opinion on any legal decisions once these have been adopted. [end recording]

Prosecutor General Valdivieso urged officials within the government, as well as from the prosecutor's office, to refrain from voicing opinions that will only serve to cause more confusion, controversy, and anomalies in the normal development of the investigation.

[Begin Valdivieso recording] I believe that all those versions, misinterpretations, and what we call in Colombia, gossips, are in no way convenient for our country. [end recording]

The prosecutor general said that he understood Assistant Prosecutor Salamanca's assertions when referring to conspiracy originating from the Office of the Attorney General and the Department of Administrative Security against the prosecutor's office. According to the prosecutor, existent evidence is what has led Salamanca to such a conclusion.

Prosecutor Alfonso Valdivieso was able to ensure an exchange of information with respect to the Pallomari case. Next week Colombian prosecutors will have access to the depositions made by the Cali Cartel treasurer.

DAS Director's Letter

PA2909190395 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 29 Sep 95

[From the "Colombia 12:30" newscast]

[FBIS Translated Text] DAS [Administrative Department of Security] Director Ramiro Bejarano today sent a letter to acting Prosecutor General Adolfo Salamanca. In this letter, he answers serenely, but firmly, charges made by Salamanca yesterday that government officials themselves are conspiring against justice.

[Begin recording] [Unidentified reporter] [Words indistinct]

[Bejarano] Yesterday, the interior minister made the first remarks on this matter, and very soon we will deal with this matter more thoroughly. I already sent a letter to the acting prosecutor general in which I stated three points. First, I told him that I would have preferred to keep quiet regarding his accusations, but doing this would have been tantamount to admitting culpability.

Second, I rejected his accusations because they are not true. I have not made a single public statement against him, the Prosecutor General's Office, the [word indistinct] or anyone else.

Third, I told him that I preferred to walk the path of good sense — and I urged him to do the same — because I believe this is the only way to overcome these conflicts.

[Reporter] The members of the Accusations Committee who claim to have received threats argue that they have not received protection; there are not enough vehicles; there is no security at this time; and while measures are being adopted, their lives are in danger.

[Bejarano] We have encountered a series of difficulties because there are 15 persons involved. We have problems with the vehicles. We do not have enough personnel and have been faced with an emergency situation, a mourning. We have adopted the measures that are within our reach. The National Police are helping us with these measures, and we hope the Army will also help us. We have tried to help everyone. There are a few people who may be displeased, but we believe we will solve this situation very soon. [end recording]

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Interior Minister Reacts

PA2909190795 Santa Fe de Bogota Inravision Television Canal A Network 1730 GMT 29 Sep 95

[From the "Colombia 12:30" newscast]

[FBIS Translated Text] Interior Minister Horacio Serpa Uribe was surprised over statements by Deputy Prosecutor General Adolfo Salamanca that there was infiltration of drug trafficking money in the Liberal Party campaign.

The interior minister today described as an unusual pretrial the most recent statements by Deputy Prosecutor General Adolfo Salamanca that there was indeed drug trafficking in Samper's campaign.

[Begin Serpa recording] Those cannot be the words of a judge, an official, such a high ranking jurisdictional official. The acting prosecutor general decided to condemn the campaign and those of us who participated it without first going through the steps that precede a trial. [end recording]

The minister denied having sought a confrontation with that investigative body although a week ago he said publicly said that the deputy prosecutor general is a free wheeler:

[Begin Serpa recording] We did not seek that confrontation and we will not engage in a confrontation. We will not reach the level to which Dr. Salamanca has brought this issue. We respect the Prosecutor General's Office. [end recording]

He also referred to Salamanca's statements regarding the possible capture of state officials:

[Begin Serpa recording] We do not oppose any action that the Prosecutor General's Office must carry out. We want it to do so with rigor and we want it to conduct investigations and define all kinds of responsibilities, but we do not want it to issue condemnations before the trial. [end recording]

Environment Fund Ties to Campaign Examined

95SM0519A Santa Fe de Bogota EL ESPECTADOR in Spanish 17 Sep 95 p 16A

[Article: "Association Collected Money for Campaign"]

[FBIS Translated Text] *The Association was headed by the First Lady of the Nation to build and beautify the landscapes of the country's cities and towns.*

Office 103 occupying an area of 700 square meters, where the Friends of the Environment Association led by First Lady Jacquin Strouss operated for seven months, belongs to Jose Vicente Caro Rodriguez, whose economic activities have been under intensive examination by the Colombian and American authorities.

Caro's activities have been under close scrutiny by the intelligence agencies of both countries since the 1980's.

According to Title Deed 1856 and Certificate of Transfer and Release of the building located at number 8-52 on Calle 70A, ownership of the office is in the name of the firm Comercializamos Ltda, whose general manager and majority stockholder is Caro Rodriguez.

In this regard, the Certificate of Existence and Legal Representation issued by the Bogota Chamber of Commerce shows that Caro Rodriguez is the legal representative and owner of 50 percent of the company's capital stock.

In addition, the Investigative Unit [UI] was able to verify that the environmental Association paid no rent during the seven months it operated there, inasmuch as, according to its legal representative, Fabio Duran, its occupancy of the premises "was a gift from Doctor Luis Gonzalo Giraldo." When asked about the owners of the office, Duran indicated that he did not know them (see interview [Box at end of article]).

Caro, for his part, indicated that he charged no rent for the premises because Giraldo is a "neighbor from his municipality" and has a ranch near to his (see interview).

At the same time, the First Lady—a member of the board of directors—declared to the Office of the Prosecutor General that the Association operated in a headquarters "lent to it by the president of the Banco de Caldas, Dr. Luis Gonzalo Giraldo," now manager of ASOCAJAS [National Association of Family Compensation Funds].

Although the UI spoke with Giraldo's secretary, Melba Corredor some 20 times throughout the week, he could not be contacted.

According to his secretary, Giraldo was very busy attending seminars, was not coming to his office, and his cellular phone was out of order. To date, although the urgent need of a response from him and the telephone number to call were communicated to him, he has not yet returned the call.

Campaign Environment

This Association, whose chartered activity had been limited to "beautifying the landscapes of the country's different cities and towns," became a link in the presidential campaign, as attested by eight checks for 12 million pesos that were donated to this environmental foundation and that were entered as income in the accounts of the Liberal precandidacy run.

The 12 million pesos turn up entered as campaign income in an accounting report delivered by the cam-

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Bernal, and Ricardo Cubides, all notaries of the Bogota Judicial District?

[Duran] If they are not in the books they were not received. Money donated by them or by Magda Turbay was never received.

[UI] Do you know Jose Vicente Caro?

[Duran] No. Never in my life. I have never heard his name mentioned.

Ecuador

Reportage on Procedures Against Vice President Dahik

President Requests Dahik's Resignation

PY3009041495 Madrid EFE in Spanish 0330 GMT 30 Sep 95

[FBIS Translated Text] Quito, 29 Sep (EFE) — Ecuadoran President Sixto Duran-Ballen reported today that on the evening of 29 September, he requested the resignation of Vice President Alberto Dahik, who has been indicted by a criminal court and Congress for alleged corruption.

During a television and radio address, the head of state said that he was thoroughly convinced of the vice president's innocence, but that he took that decision so that calm may once again reign in Ecuador and the country's image abroad may improve.

It was not reported whether Dahik accepted Duran-Ballen's request. Dahik was Duran-Ballen's running mate in the 1992 elections, which took them to power on 10 August 1992 for a four-year term of office.

Dahik To Respond To Request 2 Oct

PA3009175195 Madrid EFE in Spanish 1642 GMT 30 Sep 95

[FBIS Translated Text] Quito, 30 Sep (EFE) — On 2 October in Congress, Ecuadoran Vice President Alberto Dahik will respond to the request for his resignation made by President Sixto Duran-Ballen last night.

A brief communique from the vice presidency of the Republic has stated this announcement, adding only that Dahik will appear before the deputies that day at 1600 local time (2100 GMT), as was scheduled before the request for his resignation was made.

The vice president has been under prosecution for more than a month by the criminal justice system because of the alleged mismanagement and misallocation of public funds to the vice presidency's discretionary funds.

He will also face a parliamentary action or "interpellation" in Congress, which summoned him to appear on 2 October so he may defend himself against charges of bribery, after publicly admitting the government has surrendered to the "blackmail" of deputies, magistrates, and other officials.

President Addresses Nation

PA3009044795 Quito Radio Quito in Spanish 0310 GMT 30 Sep 95

[Address to the nation by President Sixto Duran-Ballen on 30 September in Quito — live or recorded]

[FBIS Translated Text] Fellow citizens: In the past few weeks, we have lived through a situation of uncertainty and concern. I believe the time has come to put an end to this situation and to seek national reconciliation. Tonight, I can tell you that I have shared with you the same concerns, the same worries. I believe these concerns must end. As your constitutional president, I have followed very closely the development of the interpellations of the constitutional vice president of the Republic. In this regard, my attitude has been one of absolute respect for the independence that must characterize the relations between the various branches of government. My deep democratic calling [words indistinct], respect for the Supreme Court and the honorable National Congress [words indistinct] the observations, which the president, as a citizen, made to a series of irregularities committed during the aforementioned processes. [Words indistinct] the president of the Republic [words indistinct] that could have been taken, not only violated my moral and political principles but also represented a clear interference in the work of the Supreme Court and the honorable National Congress. I could not (?tolerate) that.

My opening to a dialogue has been permanent, above all things. I have tried to avoid confrontations that [words indistinct] the painful and useless episodes of (?struggles for power) that never benefited the Ecuadoran people. [Words indistinct] throughout my career at the service of the fatherland, I have never acted arbitrarily or with arrogance. The country expects the same from all state officials.

Fellow citizens, I publicly ask the National Congress and the Supreme Court to conduct the interpellations and political processes against the vice president of the Republic in a serious, honest, and responsible manner, always in keeping with the laws and the constitution. [Words indistinct] as our constitution and our laws state.

The [words indistinct] is one of the administrative mechanisms of great importance for the work done

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by the government to the point that all, absolutely all governments have adopted these legitimate mechanisms [words indistinct]. This has always been historically respected in our country.

So that the cases that are under way can be dealt with in an unquestionable legal framework, [words indistinct] the micro films of the confidential cases, which are currently in the Central Bank safes, ensure that this [words indistinct] decision of the president of the Supreme Court of Justice and the Comptroller General will be able to jointly examine the documents, keeping them, however, secret due to their nature. This is clearly established by current regulations and laws.

Tonight I have asked economist Mr. Alberto Dahik, constitutional vice president of the Republic, to present his resignation to the honorable National Assembly, so that he may have total freedom and room to exercise the legitimate right to defend himself of the accusations raised against him.

Fellow citizens: I have had to adopt this decision despite the extraordinary task fulfilled by the vice president of the Republic, who, leading the national government's economic team, set back on track with notable success the program of recovery, reorganization, and reactivation of the national economy.

I am sure that the vice president of the Republic will succeed in deflating all of the (?adverse) opinions raised against him. With these clear, although painful decisions, the country will recover its tranquility, which is essential for our normal (?development). Nevertheless, I would like [words indistinct] a political practice out of all bounds [words indistinct]. I wish to remind you today that one of the most dramatic chapters in the country's history was written only seven months ago. A conflict in which national integrity and even the homeland itself was threatened. At the time [words indistinct], which we are now proud of, and in view of the dramatic result of the episode, the country responded with the unique capability for [words indistinct], sacrifice, and action of all of the Ecuadoran people.

Fellow citizens: We [words indistinct] with faith in our country. We [words indistinct] those energies today squandered [words indistinct] the whole world. This is just an example that the time has arrived to put an end to a policy of destruction which hampers the development [words indistinct] our well-being.

Fellow citizens: Let us recover the spirit of this (?unity) [words indistinct] of victory. Not one step backward. We should not take a single step backward. With God's help, we will all go forward in the task of constructing a future for our country and a better country for our children. Good night, fellow citizens.

Presidential Communique Calls For Unity

PY3009011695 Quito Voz de los Andes in Spanish 2300 GMT 29 Sep 95

[FBIS Translated Text] The three branches of government have asked people to remain calm in light of the political crisis that is affecting the country and the uncertainty on the eve of the impeachment against Vice President Alberto Dahik.

In a communique, the Presidency called upon the Ecuadoran people to remain united and calm, reiterating that both the state of law and the Constitution will be respected.

The communique was released after President Sixto Duran-Ballen met with, among others, Supreme Court President Carlos Solorzano, Congress President Fabian Alarcon, Defense Minister Alfonso Alarcon, and Episcopal Conference Secretary General Msgr. Antonio Arregui.

Former General Jose Gallardo, currently a presidential candidate and a former Ecuadoran Defense Minister, has said that the government's call for calm does not mean that it has requested the suspension of the impeachment of Dahik, who is being charged with bribery and the improper use of reserved state funds.

Police Raid Central Bank

PY3009023295 Quito Voz de los Andes in Spanish 2300 GMT 29 Sep 95

[FBIS Translated Text] Supreme Court President Carlos Solorzano has tried to rescue from the Central Bank the microfilms [previous word in English] containing information on the vice president's discretional funds account.

Solorzano went to the Central Bank building but was unable to enter the bank vault which was abruptly raided by members of the Police Intervention and Rescue [SIR] squad. The following is a report by Loira Carriel:

[Begin recording] [Carriel] Supreme Court President Carlos Solorzano tried to rescue from the Central Bank the microfilms containing information on the vice president's discretional funds. Solorzano went to the Central Bank building but was unable to enter the vault which was abruptly raided by SIR members. The Supreme Court believes the microfilms are important because they may provide evidence on the discretional funds transactions.

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Moreover, four opposition deputies, namely Hitalo Ordonez, Diego Delgado, Malberto Maldonado, and Frank Vargas Pazzos went to the Cenetral Bank building and met with Central Bank Manager Augusto de la Torre to establish who had ordered the police raid. De la Torre sustained he had not issued the order. The deputies maintain, however, that the only person authorized to issue an order of this nature is Abraham Romero, the government and police minister.

[First unidentified deputy, in progress] ...As to who imparted the order, the Central Bank manager declined to answer it and requested us to pose this question through other channels. He did say that he was not responsible for imparting this order.

[Series of reporters' questions indistinct]

[Second unidentified deputy] There is one interesting thing ladies and gentlemen of the press. This congressional committee has fulfilled its objective and confirmed that the Central Bank vault is indeed under police custody. However, the Central Bank manager has not informed us who imparted the order. We assume that the order was imparted by the minister of government and, consequently, by the national government.

The question is what is the purpose of guarding the Central Bank vault? What is their intention? To prevent surrendering the microfilms to the Supreme Court president? To confiscate them, destroy them and thus impede legislators from conducting the trial against the vice president?

These are questions that must be answered because the Ecuadoran people demand it.

As deputies we have fulfilled our duty but we call on the people not to allow to be harassed or even less to allow the use of force to obstuct proceedings.

As for our duties as legislators, you can be certain that on 2 October we will proceed with the trial against the vice president to safeguard the sovereignty and honor of the nation.

[Carriel] The four deputies and the journalists had to virtually fight our way into Augusto de la Torre's office to learn who had ordered the police to guard the microfilms of the vice president's discretional funds. The microfilms and the bank accounts were recently provided to Bank Superintendent Ricardo Munoz Chavez who refused to hand them over the court and deposited them in the Central Bank vault. In view of this, the Supreme Court ordered that Munoz be placed under preventive custody. Now, the SIR, which is under Government Minister Abraham Romero's jurisdiction, is guarding the microfilms. [end recording]

According to eye witnesses, the SIR squad raided the Central Bank vault in a commando-style operation and proceeded to disarm the bank security guarded.

Central Bank employees said the police took them by surprise, and no explanations were given. Up to now, no one has explained who the police custody or the reasons for imparting this order.

SIR squad members are also surrounding the building and are guarding the Central Bank vault since about 0900 this morning.

As soon as they learned about the incident, Congress members established a special investigative committee and proceeded to sent a delegation to the Central Bank building.

Alarcon: No Dialogue Before Impeachment

PY3009024895 Quito Voz de los Andes in Spanish 2300 GMT 29 Sep 95

[FBIS Translated Text] Congress President Fabian Alarcon has said that he will not return to Government Palace to talk with President Sixto Duran-Ballen. He said that the impeachment of Vice President Alberto Dahik is nonnegotiable, and that this was not on the agenda of the meeting that the main officials of the three branches of government held on the evening of 28 September.

Alarcon said he will not return to Government Palace because the impeachment of Vice President Dahik will begin on 2 October.

[Begin Alarcon recording, in progress] ...of this atmosphere of uneasiness that has undoubtedly settled over the country. Yet I believe democracy will be strengthened if each branch of government fulfills its own duties without interference from the others. Furthermore, the Ecuadoran Armed Forces — of which we are proud, not only because of their mission of defending our territory, but especially of defending the Constitution, as they have promised, and as they reiterated yesterday. I believe we will overcome this crisis and that our country will emerge with much more vigour and courage.

I also want to say that I will not return to any dialogue at the presidential palace until completion of the impeachment of the vice president. I went to the Palace yesterday as a gesture of special consideration to the country, because I was invited by the president, and because in my capacity as Congress president I must support dialogue. Yet I believe this has been enough. After the impeachment of the vice president I will be ready to hold a dialogue with the president. [end recording]

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Congress President Fabian Alarcon has said: I will not return to Government Palace for any dialogue with President Sixto Duran-Ballen until the end of the impeachment of the vice president.

Defense Ministry on 'Unraveling of Events'

PY3009024695 Madrid EFE in Spanish 0011 GMT 30 Sep 95

[FBIS Translated Text] Quito, 29 Sep (EFE) — The Ecuadoran Armed Forces are "watching the unraveling of events," the Defense Ministry stated today in a communique about the legal and political trials of Vice President Alberto Dahik on corruption charges.

The communique emphasized that "the Armed Forces are watching the unraveling of events, and they are willing to make their patriotic contribution to the continuation of stability, peace, and institutional life."

The communique is signed by Defense Minister General Alfonso Alarcon, Joint Staff Chief General Jose Ortega, Army Commander General Paco Moncayo, Navy Commander Vice Admiral Jorge Donoso, and Air Force Commander Lieutenant General Fernando Martinez.

The communique added that the Armed Forces "hope that the civic commitment of all sociopolitical sectors will help make the atmosphere of peace and tranquillity, which will allow the country to properly meet internal and external challenges, for its development and security."

The communique, which is entitled "The Armed Forces in the Situation the Country Is Experiencing," emphasizes the "absolute respect" of the military "for all the functions and institutions of the state, and their confidence that, with patriotism, they will continue to harmoniously work for the benefit of the country, within the law."

In this regard, the communique emphasized "the commitment" that the Armed Forces have assumed "to remaining loyal to the law and to democracy."

The military commanders attended emergency meetings called by President Sixto Duran-Ballén in order to search, with the heads of the other branches of government, church representatives, and other rpresentatives, "solutions to the problems that are affecting the country," the communique added, without making any direct reference to Dahik's situation.

One month ago, the courts charged Dahik with alleged misuse of public funds allocated for reserved expenses of the Vice Presidency. On 2 October, Dahik will have to report to Congress for an impeachment trial for alleged corruption charges, in which censure and dismissal have already been requested.

The impeachment trial was prompted by a public confession by the vice president himself, who said that the government has yielded to the "blackmail" of deputies, judges, and other officials in order to prevent the rejection of its initiatives.

Today, among the last developments of the scandal, special police groups surprisingly entered the Ecuadoran Central Bank (BCE) building, and after overwhelming the bank's armed guards, started standing guard in the vaults, which have documents on the use that the vice president made of the secret funds allocated for his office.

The documents have been requested by Supreme Court President Carlos Solorzano, who has not yet managed to see them, while Comptroller General Juan Carlos Faidutti has refused to review them on the grounds that it is not his responsibility.

BCE manager Augusto de la Torre, who in the past few hours met with Minister of Government and Police Abraham Romero, said that either Romero or the police commando will explain what happened in the bank, but this has not yet happened.

The police have also reinforced the guard near Carondelet presidential palace.

Also in the past few hours, the Supreme Court president reported that the Comptroller's office has seized official vehicles that are use by Supreme Court judges, but a spokesman for the Comptroller's office has said that the same has been done with vehicles of other public offices, in a routine control action.

President Holds Meeting on Crisis

PY2909190695 Quito Voz de los Andes in Spanish 1700 GMT 29 Sep 95

[Report from Government House by Edwin Chamorro]

[FBIS Translated Text] This morning the head of state held a meeting with representatives of the Armed Forces and the comptroller general of the nation in the search for a solution to the current crisis.

There has been much speculation and supposition among the journalists accredited here at the Carondelet Palace regarding a communique issued last night on a meeting the president of the Republic, Sixto Duran-Ballen, held with the president of Congress, the president of the Supreme Court of Justice, representatives of the Armed Forces and of the Catholic Church,

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the comptroller general of the Republic, and Acting Banks Superintendent Jose Ituralde.

The meeting held at government palace was summoned to search for solutions to the current crisis.

Sixto Duran-Ballen stated that the meeting was marked by the great respect that must prevail among state powers. He said that Ecuador must recover the necessary climate of calmness for the normal development of activities. The president added that, for this, we must act in a prudent and mature manner by mutually respecting each other and the institutions and the law.

The Armed Forces as well as the Catholic Church have made an appeal for the unity [words indistinct] of the Ecuadoran people and affirmed that the state of law and the respect for the Constitution are guaranteed.

Despite the media's efforts to obtain information here at the Carondelet Palace, they were unable to obtain any new official information on the communique issued last night.

U.S. Envoy Charged With Meddling in Domestic Affairs

PY0210114495 Quito Voz de Los Andes in Spanish 2300 GMT 29 Oct 95

[FBIS Translated Text] An Ecuadoran deputy has criticized the U.S. ambassador to Ecuador for visiting the Galapagos Islands where he allegedly criticized the security conditions in the archipelago.

Deputy (Eduardo Beliz) said that during his visit to the Galapagos Islands, U.S. Ambassador Peter Romero met with Galapagos Province representatives with whom he discussed the alleged lack of security affecting U.S. scientists stationed on the Galapagos.

(Beliz) said this attitude presupposes a clear intervention in Ecuadoran domestic affairs because actions of this nature should be channeled through the Ecuadoran Foreign Ministry.

(Beliz) is the Galapagos Province representative in Congress. He recently headed a strike which paralyzed all activities on the islands for over 10 days.

Peru

Ministry Confirms PRC Premier To Visit 9-12 Oct

PY2809183995 Madrid EFE in Spanish 1522 GMT 28 Sep 95

[FBIS Translated Text] Lima, 28 Sep (EFE) — The Peruvian Foreign Ministry today confirmed that Chinese Premier Li Peng will be visiting Peru from 9 to 12 October. Li Peng will be accompanied by a large entourage encompassing Chinese Government officials and businessmen.

The Chinese premier will be visiting Peru within the framework of a tour through the Americas that will also take him to Mexico and Canada.

The Peruvian Foreign Ministry has reported that Li Peng will be traveling with his wife and an entourage comprising cabinet members as well as directors of the most important Chinese consortiums.

Li Peng is visiting Peru in response to a recent visit that Peruvian President Alberto Fujimori paid to China. During his stay in Beijing three weeks ago, Fujimori again invited Li Peng to visit Peru.

During his stay in Lima, the Chinese leader will meet with Fujimori, who intends to strengthen commercial ties with Asia and Pacific rim countries in view of the fact that Peru is also a Pacific rim country.

According to a Peruvian Foreign Ministry communique, the two leaders will discuss "important subjects pertaining to Sino-Peruvian ties, both regarding political issues and economic and commercial cooperation."

The Chinese cabinet members are scheduled to meet with their Peruvian colleagues, while the Chinese businessmen will meet with Peruvian investors to discuss the possibility of undertaking joint ventures.

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